

Comprehensive Financial Forecast

FY 2018 - FY 2022

Introduction

The purpose of the Comprehensive Financial Forecast is to direct the organization to look forward, consider our future and gauge the City's ability to continue to effectively provide current services, meet goals set by the City Council, and to ensure the City's long-term fiscal health. It is important to stress that this forecast is not a budget, but a planning tool to identify financial trends, potential shortfalls, and arising issues so that we can make informed decisions and take proactive measures to address these items strategically. Additionally, the forecast is a foundation to begin discussions of the upcoming FY 2018 budget process and to assist Council as they consider their future priorities. Ultimately, every annual budget adopted by the City Council is statutorily required to be balanced, therefore any presentation of unbalanced projected numbers reflect work which must be done every year to get expenditures in line with revenues.

Process

All City departments were charged with the assignment to review the revenues they are responsible for and consider three scenarios. For each of the major operating funds, departments prepared revenue projections for the period FY 2018 through FY 2022 based on three different assumptions.

1. A best case scenario which would assume that all, or most, of the variables that affect the particular revenue will be favorable.
2. A worst case scenario which should assume that all, or most, of the variables that affect the particular revenue will be unfavorable.
3. A point between the first two scenarios that is considered most likely.

In the most likely scenario departments were discouraged from taking a simple average between the two extremes, but rather take into account relevant economic variables, historical trends, and other conditions to produce a five-year projection that a department believes is the most realistic scenario; in other words, the most likely to actually occur. Departments spent the most time on this final scenario and it is these projections that factor into the overall revenue picture presented in this Forecast. Additionally, departments considered two different types of future expenditures needs.

1. Current services expenditures which are based on existing programs, service levels and expenses to which the City is already committed. Examples would include cost increases associated with population growth, automatic CPI increases built into certain contracts, or the costs of programs or services covered by grants that are expiring.

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2. New program expenditures which are the costs of new services or expanded services. New programs would include adding personnel, anticipated costs of opening and operating new facilities, or anticipated new technology.

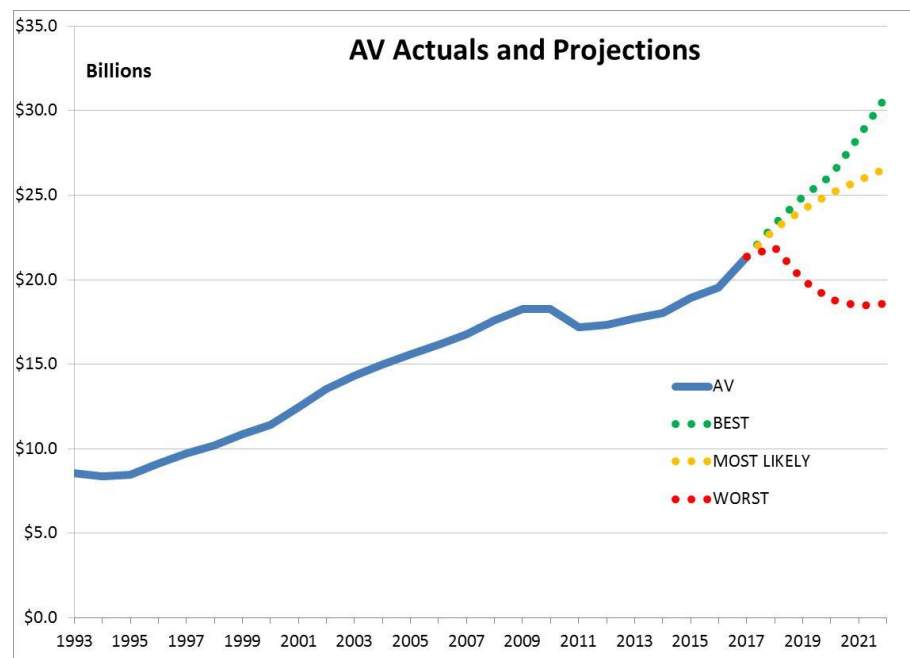
General Fund Revenues

Within the General Fund, 87 percent of all FY 2017 budgeted revenues are contained in the following categories: *ad valorem* (property) taxes, sales taxes, franchise fees, and Municipal Court revenues. If we include certain other specific revenues such as Water Utilities PILOT (Payment in Lieu of Taxes), AISD payments to the City for the SRO (School Resource Officer) program, and the payments received from the Texas Rangers for the Ballpark lease and land settlement, the total exceeds 90 percent of all General Fund revenues. It becomes clear that projections in these areas, particularly for taxes, franchise fees and Court revenues, are the critical revenue components for determining the resources that will be available to the General Fund in the coming years.

Property taxes are the single largest revenue to the General Fund and as the primary revenue to the Debt Service Fund, they are the foundation of what the City is able to accomplish in the capital budget. In considering the three possible scenarios for Ad Valorem revenues (AV), we analyzed historical trends over the past 25 years.

The worst case scenario

for property tax utilizes a combination of this most current recession as its benchmark mixed with the last time the federal government shutdown due to political infighting. Revenue declines in M&O from \$92M in 2017 down to a low of \$78M in 2022. It will take several more years of growth beyond 2022 before AV returns to 2017 levels. Over the 5-year time horizon \$130M debt is issued, but none until 2020.



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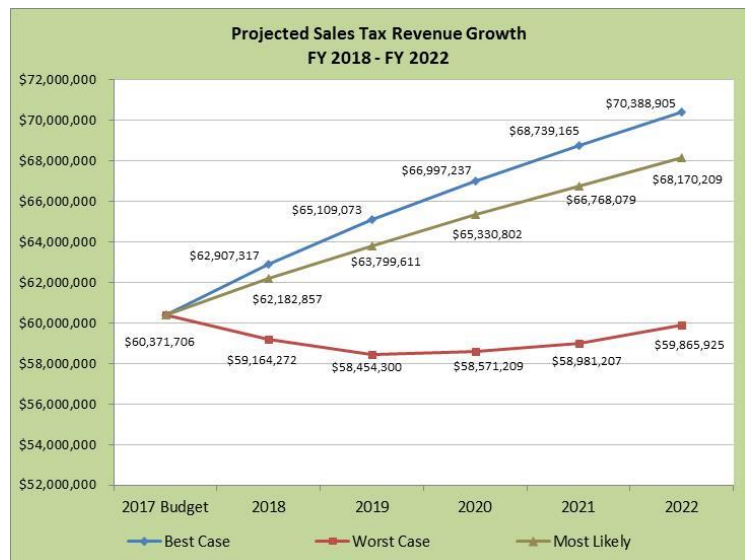
The best case repeats the five-year period from 1998-2002 in which the City experienced its best rate of growth from 1993-2017. Revenues increase 38% in 2022 vs. 2017 in M&O. Taxable value will reach \$31B by 2022. Over the 5-year time horizon \$390M in debt is issued. After issuance in 2017, the City has \$149M remaining in voter-approved bond authorization.

The most likely case assumes a steady growth pattern in values similar to what the City experienced from 2005-2009. Revenues increase in M&O by \$2.1 to \$3.9M per year, with an accumulated growth for five years of \$11M. Over the 5-year time horizon \$295M in debt is issued. This is an increase from the \$248M capacity that was used for determining the bond election.

Increase in Property Values	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Best Case	9.0%	6.75%	5.03%	8.94%	8.67%
Worst Case	2.5%	-8.8%	-5.87%	-1.94%	0.84%
Most Likely	7.5%	5.0%	4.0%	3.0%	3.0%

All three scenarios attempt to return the tax split to .1910 I&S / .4538 M&O. The amount of debt issued was increased or decreased to accommodate this tax rate split while maximizing the amount of debt possible in order to facilitate the greatest amount of capital projects. This was not possible in the Worst Case in which the I&S (interest and sinking) rate had to be increased from 2018-2019. While an increase in property values directly increases revenues, revenues are not increased at the same percentage due to several factors that include items such as TIRZ growth and Chapter 380 agreements.

The City's sales tax receipts have shown steady improvement since early in calendar year 2014. The most likely scenario for General Fund **sales tax revenues** shows an increase of 3.0 percent in FY 2018 over the FY 2017 budget, then increases in each subsequent year as follows: 2.6 percent in FY 2019, 2.4 percent in 2020, 2.2 percent in 2021, and 2.1 percent in 2022, which is based on the City's long-term trend of approximately 2.3 percent annual growth in sales tax revenues.

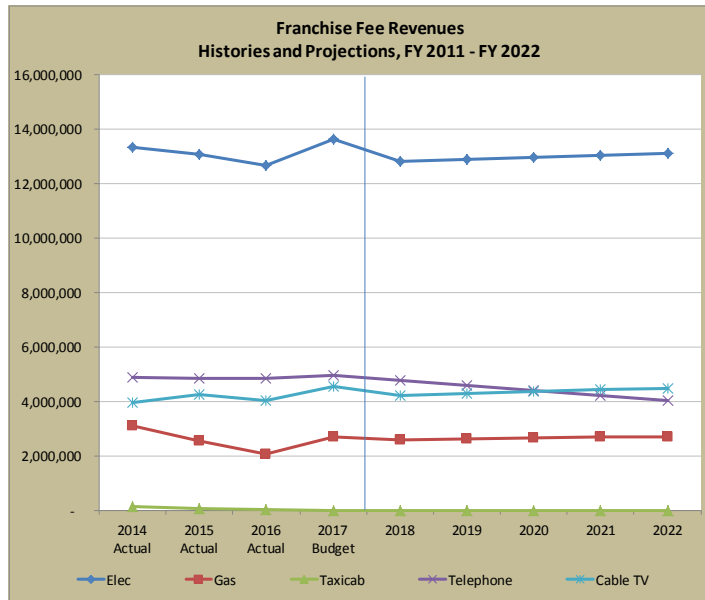


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Over the five-year period, this would result in a 16.9 percent increase from the FY 2016 actual amount received. The worst case scenario would result in an increase over the five-year period of approximately 2.7 percent, which could result if the City were to enter into another period of declines similar to those experienced in FY 2002-2003 or FY 2009-2010. The best case scenario would result in a 20.7 percent increase over the period. The graph above shows the results of

all three growth scenarios over the five-year forecast period.



The most likely scenario for **franchise fee revenues** shows a decrease of 5.5 percent in FY 2018 from the FY 2017 budgeted level, then annual changes thereafter as follows: no change in FY 2019, a 0.1 percent decrease in FY 2020, 0.1 percent decrease in FY 2021, and no change in FY 2022. Over the five-year forecast period, this would result in a 5.7 percent decrease from the FY 2017 budgeted level.

The worst case scenario would result in a 9.7 percent decrease over the five-year period, and the best case scenario would result in a 1.2 percent increase over the period.

Franchise fee revenues for electricity, gas, and water usage are largely determined by weather conditions during the winter and

summer months, and could vary significantly in any given year if we experience extreme cold or extreme heat and drought. For the winter season just now ending, according to the National

Average Daily High Temperatures at DFW Airport
Historical Variances from Average, 2011 - 2017

	Jan	Feb	Mar	Winter Gas FF	Winter Elec FF
Average Daily High Temp	57	61	69		
Variance from Avg: 2017	5	10		Not yet rec'd	Not yet rec'd
2016	0	5	3	749,325	2,905,800
2015	-2	-4	-3	1,091,987	3,298,302
2014	1	-4	-1	1,284,462	3,379,133
2013	3	3	0	827,858	2,985,886
2012	5	1	6	864,076	2,931,623
2011	-3	0	4	1,018,426	3,069,447

Source: US Climate Data
www.usclimatedata.com

Average Daily High Temperatures at DFW Airport
Historical Variances from Average, 2011 - 2017

	July	Aug	Sept	Summer Elec FF
Average Daily High Temp	96	96	89	
Variance from Avg: 2017				Not yet rec'd
2016	1	-1	3	4,086,306
2015	1	2	4	4,013,982
2014	-2	0	1	3,878,489
2013	0	4	6	4,003,689
2012	3	2	2	4,040,251
2011	6	9	4	5,636,539

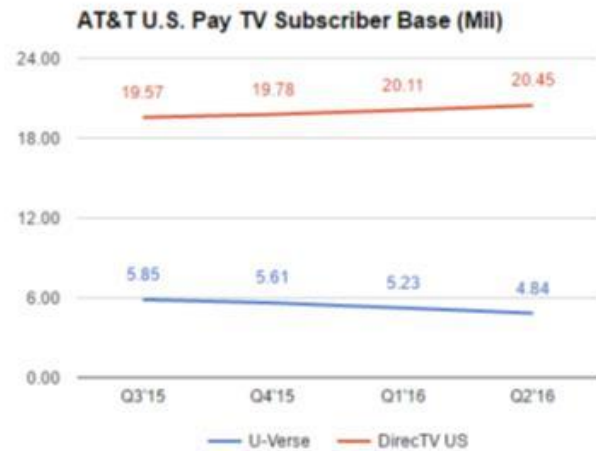
Source: US Climate Data
www.usclimatedata.com

Weather Service, the DFW region had its warmest February on record and is on pace for its warmest winter on record as well. As the accompanying tables illustrate, below-normal winter temperatures result in higher electric and gas franchise fees, while above-normal summer temperatures result in higher electric franchise fees.

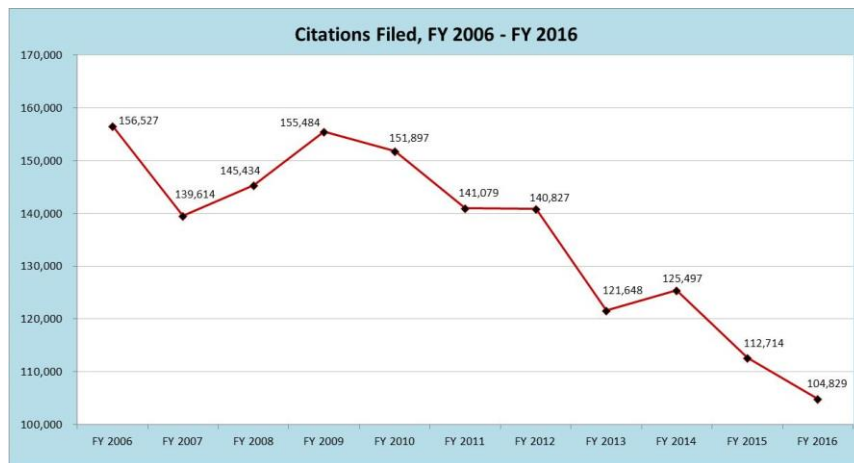
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Franchise fees are also affected by recent business model changes in the cable television industry. The state's top cable and internet provider is gradually phasing out its U-Verse cable service and is moving customers toward Direct TV satellite service, which does not generate franchise fee revenues for the City.



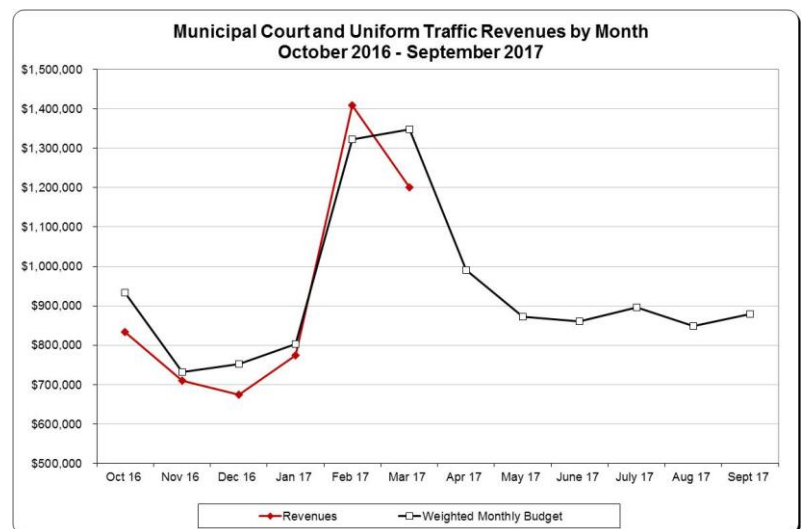
Aside from seasonal weather variations and evolving business models that reflect the rapid pace of change in the telecommunications industry, we are unlikely to see any appreciable changes in franchise fee revenues apart from those attributable to gradual population growth.



The most likely scenario for **Municipal Court revenues** would project a 10.0 percent decrease in FY 2018 from the FY 2017 budget, then flat in FY 2019, a 1.0 percent increase in FY 2020 and FY 2021, and a 2.0 percent increase in FY 2022. These

trends are largely the result of continuing declines in the number of citations processed at the Court, as shown in the graph above.

The current-year graph to the right shows the two largest revenue sources at the Court, which in the aggregate are approximately \$290,000 below the cumulative weighted budget amount through mid-March 2017.



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As noted earlier, the revenues discussed above constitute approximately 87 percent of all General Fund revenues. The remaining General Fund revenues are carried forward in the forecast using projections based on historical averages and consideration of the three revenue scenarios.

In the aggregate, the three projection scenarios for the General Fund would result in revenues as follows for the five years of the forecast:

	Budgeted FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
Best Case	235,885,463	248,566,321	258,868,911	266,697,149	278,839,612	291,365,126
Worst Case	235,885,463	229,829,510	218,603,490	211,764,466	209,364,404	209,856,415
Most Likely	235,885,463	242,688,369	248,974,505	254,017,008	258,032,407	262,238,046
Increase from Prior Year		6,802,905	6,286,136	5,042,503	4,015,399	4,205,640
Percent Increase from Prior Year		2.9%	2.6%	2.0%	1.6%	1.6%

If we assume the most likely scenario, revenues will increase by \$6.8M (2.9%) in FY 2018; then increase by \$6.3M (2.6%) in FY 2019; by \$5M (2.0%) in FY 2020; by \$4M (1.6%) in FY 2021; and by \$4.2M (1.6%) in FY 2022.

The baseline General Fund operating position on the next page assumes the mostly likely scenario for revenues and includes no new programs or additional funding in FY 2018. One-time funds used in FY 2017 are removed from the forecasted years. Additionally, a complete list of all General Fund revenues under the most likely scenario follows.

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**General Fund
Baseline**

Comprehensive Financial Forecast General Fund, FY 2018 - FY 2022

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GENERAL FUND REVENUES - Most Likely	\$ 235,885,463	\$ 242,688,369	\$ 248,974,505	\$ 254,017,008	\$ 258,032,407	\$ 262,238,046
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 4,118,690	\$ 4,402,880	\$ 4,402,880	\$ 4,402,880	\$ 4,402,880	\$ 4,402,880
Conv. & Event Svcs. Fund Indirect Cost	709,038	757,962	757,962	757,962	757,962	757,962
Storm Water Indirect Cost	397,841	425,292	425,292	425,292	425,292	425,292
IMF Energy Projects (for Opterra)	57,895	-	-	-	-	-
To IT ISF for One-time Projects	(655,500)	-	-	-	-	-
From Workers Compensation Fund	1,000,000	-	-	-	-	-
From Infrastructure Maint. Fund	459,789	-	-	-	-	-
From CES Fund for debt repayment	1,730,000	-	-	-	-	-
To PPF for BK Pool	(185,000)	-	-	-	-	-
From SWUF for capital reimbursement	463,055	463,055	-	-	-	-
From SWUF for engineering reviews	88,699	88,699	88,699	88,699	88,699	88,699
Use of General Fund ending balance	500,000	-	-	-	-	-
To Park Performance Fund	(2,161,632)	(1,332,762)	(1,332,762)	(1,332,762)	(1,332,762)	(1,332,762)
To Special Transportation Fund	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)
To Street Maintenance Fund for Traffic	(4,765,203)	(4,484,637)	(4,484,637)	(4,484,637)	(4,484,637)	(4,484,637)
To Street Maintenance Fund	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)
TOTAL INTERFUND TRANSFERS	\$ (1,525,055)	\$ (2,962,238)	\$ (3,425,293)	\$ (3,425,293)	\$ (3,425,293)	\$ (3,425,293)
TOTAL AVAILABLE FUNDS	\$ 234,360,408	\$ 239,726,130	\$ 245,549,212	\$ 250,591,714	\$ 254,607,113	\$ 258,812,753
GENERAL FUND EXPENDITURES	\$ 234,354,444	\$ 233,869,197	\$ 233,710,825	\$ 233,710,825	\$ 233,710,825	\$ 233,710,825
ENDING BALANCE	\$ 5,964	\$ 5,856,933	\$ 11,838,387	\$ 16,880,889	\$ 20,896,288	\$ 25,101,928

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Sales Taxes, General Fund	60,371,706	62,182,857	63,799,611	65,330,802	66,768,079	68,170,209
State Liquor Tax	1,927,364	1,917,727	1,921,563	1,925,406	1,927,331	1,929,258
Bingo Tax	80,000	77,840	75,894	74,148	72,591	71,212
Water Data Service Charges	415,277	415,277	415,277	415,277	415,277	415,277
PILOT - Water	4,099,099	4,365,540	4,540,162	4,676,367	4,769,894	4,865,292
Other Service Charges	840,000	546,000	551,460	554,217	556,434	558,103
Electric Franchise Fees	13,621,416	12,804,131	12,880,956	12,958,242	13,035,991	13,114,207
Gas Franchise Fees	2,693,181	2,598,920	2,637,904	2,664,283	2,682,933	2,696,348
Telephone Franchise Fees	4,963,206	4,764,678	4,574,091	4,391,127	4,215,482	4,046,863
Cable TV Franchise Fees	4,550,555	4,232,016	4,295,496	4,359,929	4,425,328	4,491,708
Sheraton Ground Lease	292,091	297,056	302,106	307,242	312,465	317,777
Ballpark Lease	2,000,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Ballpark Settlement	727,500	727,500	727,500	727,500	727,500	727,500
Beverage Contract Revenues	50,000	54,250	55,878	57,554	58,705	59,879
Landfill Deferred Revenue	457,259	457,259	457,259	457,259	457,259	457,259
Water Franchise Fees	8,191,456	8,191,456	8,191,456	8,191,456	8,191,456	8,191,456
Parking Meter Revenue	13,000	13,325	13,658	14,000	14,350	14,708
Prop Taxes, General Fund 1000	91,705,262	97,666,104	101,572,748	104,619,931	106,712,329	108,846,576
Interest, General Fund	492,809	1,034,899	1,862,818	2,049,100	2,254,010	2,479,411
Terminal Building Leases	99,953	92,265	93,115	93,993	94,822	95,697
Hangar Rental	206,760	222,504	227,469	231,744	236,454	241,419
Tie Down Charge	30,600	33,600	33,660	33,660	36,720	36,720
Land/Ramp Lease	574,065	747,261	792,700	815,682	820,368	830,196
Multi-Family Inspections	630,000	628,630	638,895	638,895	638,895	638,895
Extended Stay Annual Inspections	180,000	156,438	156,438	156,438	156,438	156,438
Animal Awareness/Safety Program	3,850	3,500	3,500	3,500	3,500	3,500
Adoption Fees	155,000	144,468	144,468	144,468	144,468	144,468
Weed and Grass Fees	95,000	95,760	95,760	95,760	95,760	95,760
Dangerous Structure Demolition	10,730	10,256	10,256	10,256	10,256	10,256
Nuisance Abatement Fees	42,000	58,516	58,516	58,516	58,516	58,516
Multi-Family Reinspection Fees	7,500	3,000	3,000	3,000	3,000	3,000

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Duplex Registrations	17,526	23,504	23,504	23,504	23,504	23,504
Swimming Pool Reinspections	750	750	750	750	750	750
Vet Services	13,791	13,119	13,119	13,119	13,119	13,119
Impoundment Fees	61,838	62,216	62,216	62,216	62,216	62,216
Swimming Pool Permits	96,000	93,141	93,735	93,735	93,735	93,735
Securing Code Violations	4,850	3,804	3,804	3,804	3,804	3,804
Dog and Cat Licenses	82,164	78,957	78,957	78,957	78,957	78,957
Euthanasia Fees, Other Animal Fees	16,676	12,932	12,932	12,932	12,932	12,932
Food Service App/Change of Owner	50,400	65,016	65,666	66,323	66,323	66,323
Food Service Estab. Reinspections	2,900	9,135	9,135	9,135	9,135	9,135
Food Establishment Permits	698,450	719,404	719,404	719,404	719,404	719,404
Food Handlers Permits	7,525	7,525	7,525	7,525	7,525	7,525
Child Care Licenses and Permits	57,000	59,280	59,280	59,280	59,280	59,280
Building Inspection Fees	80,454	83,672	83,672	83,672	83,672	83,672
Plat Review and Inspections	200,000	300,000	300,000	300,000	300,000	300,000
Rezoning Fees	85,000	152,150	153,672	155,208	156,760	158,328
Real Estate Transfer	220,000	409,200	421,476	434,120	447,144	460,558
Landscape/Tree Preservation Fees	12,000	13,080	13,080	13,080	13,080	13,080
Building Permits	2,500,000	2,700,000	2,646,000	2,619,540	2,593,345	2,567,411
Electrical Permits	80,000	83,200	83,200	83,200	83,200	83,200
Plumbing Permits	275,000	277,750	277,750	277,750	277,750	277,750
Mechanical Permits	125,000	132,875	132,875	132,875	132,875	132,875
Business Registration	210,000	233,100	233,100	233,100	233,100	233,100
Certificates of Occupancy	135,000	133,650	133,650	133,650	133,650	133,650
Boathouse/Pier Licenses	14,000	14,000	14,000	14,000	14,000	14,000
Plan Review Fees	1,080,000	1,392,120	1,225,066	1,102,559	1,047,431	1,026,482
Cell Tower Lease	200,000	210,000	216,300	222,789	229,473	236,357
Irrigation Permits	43,000	47,300	47,773	48,251	48,733	49,221
Pipeline License Agreements	40,000	55,840	55,840	55,840	55,840	55,840
Gas Well Inspection Fees	145,000	145,000	145,000	145,000	145,000	145,000

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Gas Well Annual Reinspections	1,110,200	928,127	955,971	981,782	1,007,309	1,035,513
Gas Well Supplemental Fee	12,500	27,125	27,125	27,125	27,125	27,125
Special Event Parking - Renewal	14,050	11,802	11,802	11,802	11,802	11,802
Fire Initial Inspections	66,600	69,930	70,280	70,631	70,984	71,339
Firefighter Applicant Fees	34,600	27,680	27,680	27,680	27,680	27,680
Fire Permit Fees	160,550	160,550	160,550	160,550	160,550	160,550
Overtime and Reinspection Fees	17,600	14,960	14,960	14,960	14,960	14,960
Fire Inspection Fees	272,700	279,518	283,710	285,129	285,129	285,129
Fire Operational Permits	204,000	208,080	212,242	216,486	220,816	225,232
Risk Management - Damages	228,000	228,000	228,000	228,000	228,000	228,000
Library Cards for Non-Residents	40,052	42,055	46,260	48,573	51,002	53,552
Library Fines	126,600	131,664	142,197	153,573	159,716	166,104
Copier Concessions	74,038	81,442	89,586	94,065	98,769	103,707
Alcoholic Beverage Licenses	123,600	127,308	131,127	135,061	139,113	143,286
Vital Statistics	263,000	268,260	273,625	279,098	284,680	290,373
Criminal Justice Fees	381,448	343,303	343,303	346,736	350,204	357,208
Municipal Court Fines	3,622,581	3,260,323	3,260,323	3,292,926	3,325,855	3,392,372
Child Safety Fees	38,645	34,781	34,781	35,128	35,480	36,189
Uniform Traffic Fines	7,616,839	6,855,155	6,855,155	6,923,707	6,992,944	7,132,803
Time Payment Fees	65,611	59,050	59,050	59,640	60,237	61,442
Issue / Arrest Fees	328,333	295,500	295,500	298,455	301,439	307,468
Park Bond Fund	50,000	50,000	50,000	50,000	50,000	50,000
Police Admin, Escorts, Misc. Rev.	75,000	75,000	75,000	75,000	75,000	75,000
Jail Support Revenues	16,000	6,720	6,720	6,720	6,720	6,720
Abandoned Vehicle Search Fees	8,000	8,000	8,000	8,000	8,000	8,000
Police Towing Fees	150,000	150,000	150,000	150,000	150,000	150,000
Burglar Alarm Permits	1,040,000	941,200	941,200	941,200	941,200	941,200
Contrib from AISD / SRO Program	1,449,178	1,485,190	1,485,190	1,485,190	1,485,190	1,485,190
Garbage Franchise Fees	1,784,833	1,852,657	1,923,058	1,996,134	2,071,987	2,150,722
Engineering Services Bond Projects	727,797	746,720	746,720	746,720	746,720	746,720

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Storm Event Clean-Up Fees	57,000	57,342	57,342	57,342	57,342	57,342
Water Dept Street Cuts	130,000	155,870	155,870	155,870	155,870	155,870
Construction Management Fees	50,000	310,000	65,720	65,720	65,720	65,720
Inspection Transfer	1,070,743	1,073,955	1,073,955	1,073,955	1,073,955	1,073,955
Survey Transfer	140,000	173,320	173,320	173,320	173,320	173,320
Transportation Bond - Operating	95,000	95,000	95,000	95,000	95,000	95,000
Saturday Inspection Fees	30,000	31,110	31,110	31,110	31,110	31,110
Abandonment Fees	4,000	3,348	3,348	3,348	3,348	3,348
Pedicab Revenues	7,800	6,000	5,000	6,500	5,000	6,000
State Reimburse - Traffic Signals	71,232	71,232	71,232	71,232	71,232	71,232
Landfill Usage Fees	2,160,000	2,194,560	2,194,560	2,194,560	2,194,560	2,194,560
City Waste Royalty	1,466,846	1,538,721	1,538,721	1,538,721	1,538,721	1,538,721
Non-City Waste Royalty	2,538,772	2,614,935	2,614,935	2,614,935	2,614,935	2,614,935
Methane Gas Royalty	25,000	16,775	16,775	16,775	16,775	16,775
Brush Waste Royalty	60,000	52,380	52,380	52,380	52,380	52,380
City Dept Waste Rebate	56,000	58,016	58,016	58,016	58,016	58,016
Message Board Rentals	50,000	50,150	50,150	50,150	50,150	50,150
Major Event Trust Fund Revs.	300,000	300,000	300,000	300,000	300,000	300,000
Misc. Landfill Revenues	50,000	50,500	51,005	51,515	52,030	52,551
Animals - Owner Surrender Fee	30,000	30,300	30,603	30,909	31,218	31,530
Auction Revenues	25,000	25,250	25,503	25,758	26,015	26,275
Infrastructure Revenues	1,284,752	1,284,752	1,284,752	1,284,752	1,284,752	1,284,752
TOTAL	235,885,463	242,688,369	248,974,505	254,017,008	258,032,407	262,238,046

Comprehensive Financial Forecast

FY 2018 - FY 2022

General Fund Expenditures

The cost of employee health insurance and compensation adjustments will affect all of the City's operating funds. The projected costs for these items in the General Fund are discussed below. They are also included in the accompanying operating positions for all funds included in the Financial Forecast.

Health insurance costs for employees and retirees are projected to increase over the forecast period. However, plan changes made during the FY 2016 budget process have reduced the size of the impact from the amount reported in previous forecasts. In the General Fund, these costs are budgeted at \$20.7M in FY 2017. Based on information provided by the Human Resources Department, the table below illustrates the projected amounts needed for employee health insurance in the General Fund over the next five years, assuming no changes to plan provisions and benefits.

		10.0%	9%	9%	9%	10%	
	Budgeted FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Cumulative Costs
Employee Insurance	20,711,145	22,782,260	24,832,663	27,067,603	29,503,687	32,454,055	
Increase from prior year		2,071,115	2,050,403	2,234,940	2,436,084	2,950,369	11,742,910
Percent increase from prior year		10.0%	9.0%	9.0%	9.0%	10.0%	

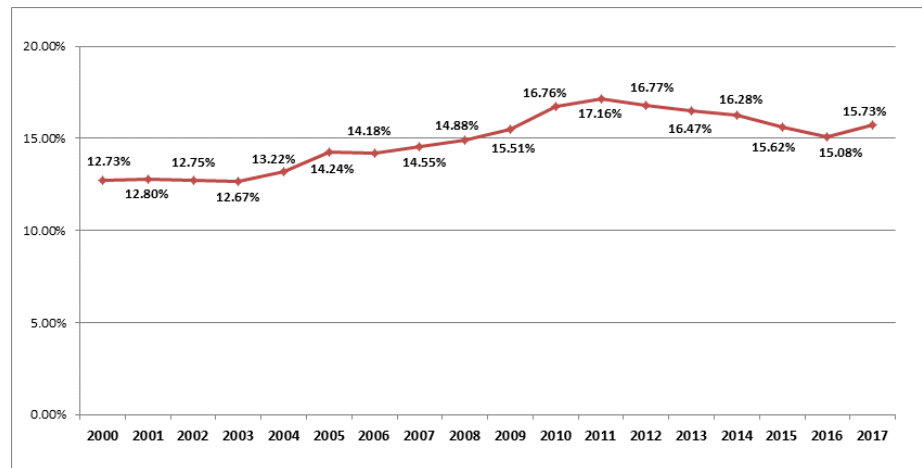
Employees are the City's most valuable resources and Arlington has invested accordingly in salary and benefits over the past few years. Beginning in FY 2017, employee compensation was targeted to close the gap between average compensation at the City for the various employee job families (clerical, professional, technical, etc.) and the compensation granted in the surrounding market of comparable employers and jobs. Since the compensation gap varied by category, raises granted were targeted accordingly. During the FY 2017 budget development process, management and Council chose a compensation philosophy that provided for market average plus 5% spread over a three year period with FY 2017 as the first year. The cost of this option is shown below in FY 2018 & 2019. The remaining out-years reflect a 3% pay increase for all job families.

	Projected FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Cumulative Costs
	6,677,527	9,438,367	4,326,967	4,456,776	4,590,479	29,490,117
Targeted Compensation Increases	6,677,527	16,115,894	20,442,861	24,899,637	29,490,117	

Comprehensive Financial Forecast

FY 2018 - FY 2022

The City participates in TMRS (Texas Municipal Retirement System) for the employee pension program. Over recent years, the City has benefited from slight declines in the percentage contribution to TMRS, with FY 2017 being the exception as adjustments



were made to investment and return assumptions as reflected in the accompanying graph. At this time, TMRS has not notified the City of any potential rate changes in FY 2018. The forecast assumes the rate will remain flat going forward.

The General Fund Operating position on the next page assumes the mostly likely scenario for revenues and includes additional funding for forecasted employee health insurance increases and targeted compensation increases.

Comprehensive Financial Forecast

FY 2018 - FY 2022



General Fund - With Health & Compensation

Comprehensive Financial Forecast General Fund, FY 2018 - FY 2022

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GENERAL FUND REVENUES - Most Likely	\$ 235,885,463	\$ 242,688,369 2.9%	\$ 248,974,505 2.6%	\$ 254,017,008 2.0%	\$ 258,032,407 1.6%	\$ 262,238,046 1.6%
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 4,118,690	\$ 4,402,880	\$ 4,402,880	\$ 4,402,880	\$ 4,402,880	\$ 4,402,880
Conv. & Event Svcs. Fund Indirect Cost	709,038	757,962	757,962	757,962	757,962	757,962
Storm Water Indirect Cost	397,841	425,292	425,292	425,292	425,292	425,292
IMF Energy Projects (for Opterra)	57,895	-	-	-	-	-
To IT ISF for One-time Projects	(655,500)	-	-	-	-	-
From Workers Compensation Fund	1,000,000	-	-	-	-	-
From Infrastructure Maint. Fund	459,789	-	-	-	-	-
From CES Fund for debt repayment	1,730,000	-	-	-	-	-
To PPF for BK Pool	(185,000)	-	-	-	-	-
From SWUF for capital reimbursement	463,055	463,055	-	-	-	-
From SWUF for engineering reviews	88,699	88,699	88,699	88,699	88,699	88,699
Use of General Fund ending balance	500,000	-	-	-	-	-
To Park Performance Fund	(2,161,632)	(1,332,762)	(1,332,762)	(1,332,762)	(1,332,762)	(1,332,762)
To Special Transportation Fund	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)
To Street Maintenance Fund for Traffic	(4,765,203)	(4,484,637)	(4,484,637)	(4,484,637)	(4,484,637)	(4,484,637)
To Street Maintenance Fund	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)
TOTAL INTERFUND TRANSFERS	\$ (1,525,055)	\$ (2,962,238)	\$ (3,425,293)	\$ (3,425,293)	\$ (3,425,293)	\$ (3,425,293)
TOTAL AVAILABLE FUNDS	\$ 234,360,408	\$ 239,726,130	\$ 245,549,212	\$ 250,591,714	\$ 254,607,113	\$ 258,812,753
GENERAL FUND EXPENDITURES	\$ 234,354,444	\$ 233,869,197	\$ 233,710,825	\$ 233,710,825	\$ 233,710,825	\$ 233,710,825
ENDING BALANCE	\$ 5,964	\$ 5,856,933	\$ 11,838,387	\$ 16,880,889	\$ 20,896,288	\$ 25,101,928
Health Insurance Increases		2,070,233	4,119,763	6,353,751	8,788,797	11,737,910
Targeted Compensation Increases		6,677,527	16,115,894	20,442,861	24,899,637	29,490,117
ENDING BALANCE		\$ (2,890,826)	\$ (8,397,270)	\$ (9,915,722)	\$ (12,792,146)	\$ (16,126,098)

Comprehensive Financial Forecast

FY 2018 - FY 2022

Proposed Expenditures by Council Priority

To further develop the expenditure side of the Comprehensive Financial Forecast, City departments were asked to prepare five years of future budget requests. Departments were tasked with developing proposals that would address the council priorities as well as maintain day-to-day operations. Within the context of addressing the priorities, departments put together two different types of future expenditure projections: Current Services and New Programs. Current services expenditures were defined as the future cost associated with continuing to provide existing programs, services, and staffing. Expenditure increases in current services would include such items as:

- CPI increases for goods and services contracts,
- maintenance and replacement of existing equipment,
- absorbing the cost of services, programs or personnel tied to expiring grant funds.

Departments were also tasked with developing expenditure projections for future proposed new programs, services, and equipment. These would include such items as:

- program expansion,
- additional personnel,
- costs of opening and operating new facilities,
- anticipated new technology, etc.

Below is a discussion of forecasted expenditure requests by Council priority.

Champion Great Neighborhoods

Great neighborhoods contribute to a higher quality of life and greater investment in the economy. Every part of our corporation contributes to our overall success and vitality as we make Arlington a great place to live, work, learn, and play. Departments' Current Services needs for Champion Great Neighborhoods are summarized below:

Current Services				
Priority: Champion Great Neighborhoods				
FY18	FY19	FY20	FY21	FY22
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 280,440	\$ 459,360	\$ 475,996	\$ 518,751	\$ 527,167

Comprehensive Financial Forecast

FY 2018 - FY 2022

The above includes the following highlights:

- Neighborhood Matching Grant Program
- Downtown Wayfinding Phase II & sign replacements

New program proposals that focus on Champion Great Neighborhoods are summarized in the proposal below:

New Programs				
Priority: Champion Great Neighborhoods				
FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 1,930,585	\$ 2,186,306	\$ 2,369,125	\$ 2,779,845	\$ 1,256,464

The above includes the following highlights:

- Strategic Code Compliance Programs
- Fire Third Squad/Light Response Vehicle
- Parks & Recreation Social Equity Adjustment

Enhance Regional Mobility

Improving the efficiency and effectiveness of Arlington's transportation connections within and beyond our borders is critical because of our central location within the region. Council has recognized that the community is at the crossroads. As the regional and statewide conversation to increase mobility continues, Arlington faces an important decision to determine its place in the future of this system. Department proposals that focus on Enhancing Regional Mobility are summarized below:

Current Services				
Priority: Enhance Regional Mobility				
FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 133,180	\$ 133,180	\$ 133,180	\$ 133,180	\$ 233,180

New Programs				
Priority: Enhance Regional Mobility				
FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 217,450	\$ 737,450	\$ 137,450	\$ 137,450	\$ 137,450

Comprehensive Financial Forecast

FY 2018 - FY 2022

The above includes the following highlights:

- Thoroughfare Development Plan 5-year Update
- Entertainment District Reversible Lane Signs
- Real-time Data Collection and Signal Performance Evaluation System

Invest in Our Economy

As Arlington strengthens its position as a key city in the North Texas region, the plan is to develop a systematic approach that directs our future, addresses current and prospective challenges, and positions us to capitalize on opportunities as they develop. Department proposals that focus on Investing in Our Economy are summarized below:

Current Services **Priority: Invest in Our Economy**

FY18	FY19	FY20	FY21	FY22
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 1,219,376	\$ 1,123,876	\$ 1,123,876	\$ 1,123,876	\$ 1,123,876

New Programs **Priority: Invest in Our Economy**

FY18	FY19	FY20	FY21	FY22
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 1,690,372	\$ 1,039,735	\$ 1,019,735	\$ 1,119,735	\$ 1,019,735

The above includes the following highlights:

- Increase One Start Development Staff by 9 FTEs
- Neighborhood/Community Plan

Put Technology to Work

Technology is integral in achieving the City's other four priorities. Enhancing current and embracing new technologies will improve access, convenience and timeliness of information for our community and allow greater transparency. Additionally, the organization will benefit from increased efficiency and security leading to greater responsiveness. This will lead to economic growth and will position Arlington to provide better services and experiences to all who we serve – residents, businesses, schools and visitors alike. Department proposed current services needs for Put Technology to Work is summarized on the next page:

Comprehensive Financial Forecast

FY 2018 - FY 2022

Current Services Priority: Put Technology to Work

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 3,477,439	\$ 2,303,718	\$ 3,267,433	\$ 3,843,776	\$ 4,539,842

The above includes the following highlights:

- Infrastructure IT Hardware Replacement
- IT Security Program
- Software Maintenance for Police Technology

New program proposals that focus on Put Technology to Work are summarized in the following proposal:

New Programs Priority: Put Technology to Work

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 6,298,456	\$ 6,120,169	\$ 6,983,055	\$ 5,317,726	\$ 6,941,074

These include the following highlights:

- Electronic Plan Review
- Digital Forensics Investigations
- Fire Computer Aided Dispatch System Upgrade
- Police MDVRs (Dashboard Cameras)

In addition to the priorities, the City has four “core service” that represent programs or projects that, while not directly related to one of the five Council priorities, are integral to the day-to-day operations in departments as well as a substantial portion of the City budget. Forecast submissions that support these categories are listed below:

Current Services Priority: Culture/Recreation/Education

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 356,471	\$ 522,646	\$ 522,646	\$ 522,646	\$ 522,646

Comprehensive Financial Forecast

FY 2018 - FY 2022

The summary includes the following highlights:

- Increased Part-time Salaries at the Libraries
- Library Collection Maintenance

New Programs Priority: Culture/Recreation/Education

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 6,847,271	\$ 1,134,967	\$ 1,305,287	\$ 2,172,147	\$ 1,034,167

The summary above includes the following highlights:

- Downtown Library Opening Collection
- Parks Ground Maintenance Equipment Replacement
- Playground Replacements
- Pond Dredging

Current Services Priority: Financial/Economic Development

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 1,235,977	\$ 1,372,698	\$ 1,596,010	\$ 1,812,223	\$ 2,038,045

The summary above includes the following highlights:

- Increase in Terminal Pay and Related Benefits
- Increase in Employee Educational Assistance

New Programs Priority: Financial/Economic Development

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 1,809,720	\$ 1,959,309	\$ 1,976,885	\$ 1,975,864	\$ 1,979,679

The above includes the following highlights:

- Employee Wellness Clinic
- Development Fee Study

Comprehensive Financial Forecast

FY 2018 - FY 2022

Current Services Priority: Infrastructure

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 554,131	\$ 835,062	\$ 1,014,506	\$ 1,202,378	\$ 1,443,647

The summary above includes the following highlights:

- Fire Increase to Building Maintenance
- Jail Maintenance
- Fleet Maintenance Contract

New Programs Priority: Infrastructure

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 8,275,127	\$ 8,701,455	\$ 8,749,331	\$ 7,801,874	\$ 7,290,642

The summary above includes the following highlights:

- Fire Heavy Fleet Replacement
- Major Building Component Replacement
- Arlington Landfill Gas Collection and Control System
- Out of Life Fleet Replacements

Current Services Priority: Public Safety

FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
\$ 781,227	\$ 1,494,447	\$ 1,340,781	\$ 1,464,506	\$ 1,363,918

The summary above includes the following highlights:

- Mosquito Borne Virus Mitigation
- Increase Forensic Lab Testing
- STEP Cash Match

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Public Safety

FY18	FY19	FY20	FY21	FY22
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 5,116,664	\$ 4,527,580	\$ 4,507,200	\$ 4,520,233	\$ 4,515,530

The summary above includes the following highlights:

- Jail Staffing
- Light Response Team for Stations 1 and 9
- Crimes Against Children Unit Staffing
- Victim Services Counselor Positions

A complete list of all General Fund current services and new program requests is included below and on the following pages.

Current Services Priority: Champion Great Neighborhoods

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	Neighborhood Matching Grant	100,000	100,000	100,000	100,000	100,000
CD&P	Arlington Urban Design Center	4,151	41,180	50,000	50,000	50,000
CD&P	Downtown Wayfinding Phase II and Sign Replacements	-	100,000	100,000	100,000	100,000
Code Compliance	Annual Cost Increase for CLEAR	2,690	6,017	9,577	13,386	17,461
Code Compliance	Accel - Animal Holding Areas Disinfectant	14,283	14,283	14,283	14,283	14,283
Library	Building Refresh	-	18,400	18,400	18,400	18,400
Parks and Recreation	Mowing Contracts CPI Increase	4,092	24,256	28,512	67,458	71,799
Parks and Recreation	Landscape/Senior Landscape Technician Reclassification	155,224	155,224	155,224	155,224	155,224
Total		\$ 280,440	\$ 459,360	\$ 475,996	\$ 518,751	\$ 527,167

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Champion Great Neighborhoods

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Code Compliance	Strategic Code Compliance Programs	206,868	283,230	237,330	237,330	237,330
Code Compliance	Veterinary Technician (Full-time)	-	-	49,435	49,435	49,435
Fire	Third Squad/Light Response Vehicle (6 FTEs)	681,934	668,390	681,844	691,790	704,385
Fire	10th Fire Inspector (1 FTE)	75,853	79,206	82,731	86,427	90,314
Management Resources	Branding Phase II	50,000	-	-	-	-
Management Resources	Communications Specialist: Social Media Videographer	75,000	75,000	75,000	75,000	75,000
Parks and Recreation	Social Equity Adjustment	740,930	980,480	1,142,785	1,539,863	-
Public Works & Transportation	Streetlight & Signal Pole Painting	100,000	100,000	100,000	100,000	100,000
Total		\$ 1,930,585	\$ 2,186,306	\$ 2,369,125	\$ 2,779,845	\$ 1,256,464

Current Services Priority: Enhance Regional Mobility

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Aviation	Reclassify Four Airport Maintenance Techs	23,245	23,245	23,245	23,245	23,245
Aviation	Airport Operations Supervisor Compensation Realignment	5,861	5,861	5,861	5,861	5,861
CD&P	Transportation Services	104,074	104,074	104,074	104,074	104,074
CD&P	Thoroughfare Development Plan 5 Year Update	-	-	-	-	100,000
Total		\$ 133,180	\$ 133,180	\$ 133,180	\$ 133,180	\$ 233,180

New Programs Priority: Enhance Regional Mobility

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Aviation	Preliminary Engineering Design and Environmental Assessment - Runway/Taxiway Reconstruction	80,000	-	-	-	-
Public Works & Transportation	Siemens Concert	-	600,000	-	-	-
Public Works & Transportation	Entertainment District Reversible Lane Signs	78,200	78,200	78,200	78,200	78,200
Public Works & Transportation	Real-time Data Collection and Signal Performance Evaluation System	59,250	59,250	59,250	59,250	59,250
Total		\$ 217,450	\$ 737,450	\$ 137,450	\$ 137,450	\$ 137,450

Current Services Priority: Invest in Our Economy

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	Increase One Start Development Staff (9 FTEs)	795,918	702,918	702,918	702,918	702,918
CD&P	1 FTE Senior Planner - Strategic Planning	93,241	90,741	90,741	90,741	90,741
CD&P	Salary Adjustments and Salary Savings	330,217	330,217	330,217	330,217	330,217
Total		\$ 1,219,376	\$ 1,123,876	\$ 1,123,876	\$ 1,123,876	\$ 1,123,876

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Invest in Our Economy

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	Neighborhood / Community Plan	100,000	-	100,000	-	100,000
CD&P	Comprehensive Plan 5 Year Update	-	-	-	200,000	-
CD&P	One Start Space Modifications	71,500	-	-	-	-
CD&P	Plans Exam Third Party Review	100,000	100,000	100,000	100,000	100,000
CD&P	Downtown Master Plan	200,000	-	-	-	-
Economic Development	Economic Development Strategy Update	-	120,000	-	-	-
Economic Development	Building Upgrade/Rehabilitation Grant Program	250,000	250,000	250,000	250,000	250,000
Economic Development	Shared Salary with Grants (CD&P)	15,000	15,000	15,000	15,000	15,000
Economic Development	Affiliate Recruitment Program	150,000	150,000	150,000	150,000	150,000
Parks and Recreation	Sports Center Feasibility Study	200,000	-	-	-	-
Police Department	Entertainment District Tourism Unit	603,872	404,735	404,735	404,735	404,735
Total		\$ 1,690,372	\$ 1,039,735	\$ 1,019,735	\$ 1,119,735	\$ 1,019,735

Current Services Priority: Put Technology to Work

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	City Data Strategic Plan Part II (FY18 IT Project)	250,000	250,000	250,000	250,000	250,000
City Attorney's Office	Case Management Maintenance	(945)	(420)	131	710	1,318
Fire Dispatch	Radio Maintenance	66,146	135,598	208,524	285,096	365,496
Fire Dispatch	CAD Maintenance	16,382	33,583	51,645	70,609	90,521
Information Technology	Software Maintenance	150,000	310,000	480,000	662,000	857,000
Information Technology	Infrastructure IT Hardware Replacement	1,975,000	296,250	340,688	391,791	450,559
Information Technology	Internet Service	2,340	4,750	7,233	9,790	12,423
Information Technology	Telephone Service	9,475	19,235	29,287	39,641	50,305
Information Technology	Infrastructure IT Hardware Maintenance	7,344	14,909	22,701	30,726	38,993
Information Technology	Microsoft Enterprise Agreement Cost Increase	50,000	100,000	645,000	695,000	755,000
Information Technology	Professional Services IT Infrastructure	50,000	110,000	180,000	260,000	350,000
Information Technology	Security Program	125,000	200,000	350,000	425,000	575,000
Information Technology	RemedyForce Professional Services	-	36,000	(122,000)	(122,000)	(122,000)
Information Technology	Contract Resources	362,000	362,000	362,000	362,000	362,000
Management Resources	ORR Online Payments	3,000	3,000	3,000	3,000	3,000
Management Resources	Website Maintenance/Security Upgrades	52,000	52,000	52,000	52,000	52,000
Municipal Court	Incode Software Support Maintenance Contract	16,300	33,415	51,386	70,255	90,068
Municipal Court	Laserfiche Maintenance Contract	2,209	2,209	2,209	4,528	4,528
Parks and Recreation	Cartegraph Licensing	11,872	11,872	14,315	14,315	14,315
Police Department	Hardware Maintenance for Police Technology	76,793	76,793	76,793	76,793	76,793

Comprehensive Financial Forecast

FY 2018 - FY 2022

Current Services

Priority: Put Technology to Work

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Police Department	Software Maintenance for Police Technology	143,273	143,273	143,273	143,273	143,273
Police Department	Citation Device Maintenance	58,000	58,000	58,000	58,000	58,000
Police Department	Speed Measuring Devices	51,250	51,250	51,250	51,250	51,250
Public Works & Transportation	Cartegraph	-	-	10,000	10,000	10,000
Total		\$ 3,477,439	\$ 2,303,718	\$ 3,267,433	\$ 3,843,776	\$ 4,539,842

New Programs

Priority: Put Technology to Work

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Aviation	Airport Security Cameras - New Install	39,000	1,600	1,600	1,600	1,600
Aviation	Airport Terminal Lobby Sound Absorption and AV equipment	14,000	-	-	-	-
CD&P	Electronic Plan Review (FY18 IT Project)	537,535	30,250	30,250	30,250	30,250
CD&P	Data Center of Excellence Staffing (Including Enterprise GIS)	441,774	496,454	371,941	369,441	369,441
CD&P	Health AMANDA Folder Updates (FY18 IT Project)	-	-	-	-	-
CD&P	Update of GIS Maintenance Tools (FY18 IT Project)	-	-	-	-	-
Fire Dispatch	Computer Aided Dispatch System Upgrade	300,000	-	300,000	-	300,000
Fire Dispatch	Replacement of Purchased Computers	-	-	20,000	20,000	20,000
Fire Dispatch	Replacement of CAD Servers and Storage	-	-	500,000	-	-
Fire Dispatch	Database Administrator	128,000	130,560	133,171	135,835	138,551
Human Resources	HRIS Specialist - Risk Management	108,320	93,320	93,320	93,320	93,320
Human Resources	Cornerstone On-Demand	112,800	96,150	96,150	96,150	96,150
Human Resources	ID Badge Machine	-	-	10,000	-	-
Information Technology	ECM System	-	1,500,000	500,000	500,000	500,000
Information Technology	Additional Network Engineer	-	113,350	113,146	116,540	120,036
Information Technology	Additional Server Engineer	106,000	106,575	109,742	113,005	116,365
Information Technology	Help Desk Outsource	325,000	350,000	375,000	400,000	425,000
Information Technology	Server Team Professional Services Increase	250,000	250,000	275,000	275,000	300,000
Information Technology	PC Software Deployment	150,000	37,500	37,500	40,000	40,000
Information Technology	System Tools	450,000	112,500	118,125	125,000	130,000
Information Technology	Automate Chargeback Process	30,000	30,000	-	-	-

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Put Technology to Work

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Information Technology	Network and Storage Refresh	-	-	1,250,000	350,000	1,500,000
Information Technology	Additional Business Analysts	78,500	75,000	153,500	150,000	150,000
Library	PC Lease	130,775	130,775	130,775	130,775	130,775
Library	Technology - Peripheral technology for service delivery	122,000	-	-	-	-
Library	Server Virtualization	14,500	-	-	-	-
Management Resources	Social Media Marketing	50,000	-	-	-	-
Management Resources	Technical Director	55,000	55,000	55,000	55,000	55,000
Municipal Court	Mobile Application	10,000	10,000	10,000	10,000	10,000
Municipal Court	Tyler Content Manager (TCM)	-	80,000	27,000	27,000	27,000
Parks and Recreation	Irrinet Centralized Irrigation System	99,000	64,000	100,000	64,000	64,000
Parks and Recreation	Skylogix Automation	58,600	62,200	65,800	69,400	73,000
Police Department	Digital Forensic Investigations	487,911	321,415	327,515	353,415	321,415
Police Department	Mobile Data Computers (MDCs)	449,873	449,873	449,873	449,873	449,873
Police Department	Police MDVRs (Dashboard Cameras)	665,000	271,462	271,462	264,937	417,113
Police Department	Digital Evidence Management	-	345,000	150,000	150,000	150,000
Police Department	sUas Staff	418,868	418,868	418,868	418,868	418,868
Police Department	Public Safety Data Initiative	-	150,817	150,817	150,817	150,817
Public Works & Transportation	Building Automated System Upgrade	93,500	-	-	-	-
Public Works & Transportation	APWA Re-Accreditation	5,000	-	-	20,000	5,000
Public Works & Transportation	Smart City Consultant	150,000	-	-	-	-
Public Works & Transportation	Waze Connected Citizen Program and GIS Integration	86,000	6,000	6,000	6,000	6,000
Public Works & Transportation	Accessible Pedestrian Signals	52,000	52,000	52,000	52,000	52,000
Public Works & Transportation	Traffic Signal Controller Upgrade	129,500	129,500	129,500	129,500	129,500
Public Works & Transportation	Connected Vehicles Roadside Units - RSU	150,000	150,000	150,000	150,000	150,000
Total		\$ 6,688,109	\$ 6,455,142	\$ 7,442,541	\$ 5,779,712	\$ 7,403,060

Current Services Priority: Culture/Recreation/Education

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Library	Part-Time Salaries	207,791	336,461	336,461	336,461	336,461
Library	Return of Utilities	37,505	75,010	75,010	75,010	75,010
Library	Collection Maintenance	101,175	101,175	101,175	101,175	101,175
Parks and Recreation	Assistant Director	10,000	10,000	10,000	10,000	10,000
Total		\$ 356,471	\$ 522,646	\$ 522,646	\$ 522,646	\$ 522,646

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Culture/Recreation/Education

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Library	Downtown Library Pre-opening Move	94,000	-	-	-	-
Library	Downtown Library Opening Collection	325,699	-	-	-	-
Library	East Arlington Branch Collection Move	-	32,000	-	-	-
Parks and Recreation	New Development O&M	82,350	264,925	349,525	346,625	355,025
Parks and Recreation	Marketing Aide PT to FT	96,942	96,942	96,942	96,942	96,942
Parks and Recreation	ADA Accessibility Improvements	300,000	-	-	-	-
Parks and Recreation	Grounds Maintenance Equipment Replacement	1,203,800	107,000	164,000	556,000	484,250
Parks and Recreation	Playground Replacements	1,480,000	320,000	360,000	820,000	-
Parks and Recreation	Pond Dredging	3,183,480	233,100	253,820	271,580	-
Parks and Recreation	Tree Pruning and Replacement	50,000	50,000	50,000	50,000	50,000
Parks and Recreation	Texas Live - Entertainment District Maintenance	31,000	31,000	31,000	31,000	31,000
Parks and Recreation	Active Adult Center Grounds Maintenance	-	-	-	-	16,950
Total		\$ 6,847,271	\$ 1,134,967	\$ 1,305,287	\$ 2,172,147	\$ 1,034,167

Current Services Priority: Financial/Economic Development

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Aviation	AAAE Contract Tower Membership	600	600	600	600	600
Aviation	Airport Certified Employee Training	3,200	3,200	3,200	3,200	3,200
Finance	Tarrant Appraisal District	-	-	15,122	30,545	46,278
Finance	Tarrant County	46,597	78,748	98,218	118,661	140,126
Finance	External Audit RFQ	25,000	25,000	25,000	25,000	25,000
Finance	Partially restore Finance Vacancy Savings	80,000	80,000	80,000	80,000	80,000
Fire	Step Raises for F and FP Pay Scale Employees	374,660	507,696	647,383	794,055	948,060
Human Resources	Educational Assistance	50,000	50,000	50,000	50,000	50,000
Human Resources	Insurance - Risk	61,360	67,426	90,229	96,884	103,675
Human Resources	Compensation Study	-	(60,000)	(60,000)	(60,000)	(60,000)
Human Resources	Arbitrations	31,000	31,000	31,000	31,000	31,000
Non-Departmental	Increase in Terminal Pay and related benefits	500,000	500,000	500,000	500,000	500,000
Parks and Recreation	Janitorial Contracts CPI Increase	5,059	10,269	15,636	21,164	26,858
Parks and Recreation	Electric Rates	58,502	78,758	99,623	121,113	143,248
Total		\$ 1,235,977	\$ 1,372,698	\$ 1,596,010	\$ 1,812,223	\$ 2,038,045

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Financial/Economic Development

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	Development Fee Study	50,000	-	-	-	-
City Attorney's Office	Employee Engagement Fund	2,720	2,720	2,720	2,720	2,720
Finance	Disclosure Counsel	-	-	-	-	-
Finance	Bank Fees	-	-	-	-	-
Finance	ED Financial Consultant	21,000	21,000	21,000	21,000	21,000
Finance	CAFR & Budget Preparation Software	-	60,000	30,000	30,000	30,000
Finance	Admin Aide II for Local & MWBE	-	65,036	54,290	54,290	54,290
Human Resources	Employee Wellness Clinic	1,725,000	1,500,000	1,550,000	1,550,000	1,550,000
Internal Audit	New Position - Senior Internal Auditor	-	108,550	111,807	115,161	118,616
Internal Audit	One Time Funding for Peer Review in FY 2020	-	-	4,725	-	-
Internal Audit	Salary Study and Adjustment for Assistant City Auditor	11,000	11,330	11,670	12,020	12,380
Police Department	UASI Sustainment	-	190,673	190,673	190,673	190,673
Total		\$ 1,809,720	\$ 1,959,309	\$ 1,976,885	\$ 1,975,864	\$ 1,979,679

Current Services Priority: Infrastructure

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Aviation	Annual Wildlife Hazard Management Training	800	800	800	800	800
Fire	Increase to Building Maintenance	200,000	200,000	200,000	200,000	200,000
Police Department	Jail Maintenance	50,000	50,000	50,000	50,000	50,000
Public Works & Transportation	Recycling Programs	15,000	18,680	22,360	26,040	29,720
Public Works & Transportation	City-wide Janitorial Services Contract	-	127,000	145,000	163,540	227,194
Public Works & Transportation	Fleet Maintenance Contract	288,331	438,582	596,346	761,998	935,933
Total		\$ 554,131	\$ 835,062	\$ 1,014,506	\$ 1,202,378	\$ 1,443,647

New Programs Priority: Infrastructure

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Aviation	John Deere Side by Side ATV	16,000	-	-	-	-
Aviation	Spreader for Solid De-Icer	5,000	-	-	-	-
Aviation	Replace Air Traffic Control Shades	14,000	-	-	-	-
Aviation	Toro 328D Mower Replacement	-	18,000	-	-	-
Aviation	Aviation Airfield Maintenance	30,000	30,000	30,000	30,000	30,000
Aviation	Air Traffic Control Tower City Logo Replacement	12,000	-	-	-	-
Aviation	ATCT Soft Joint Seal	-	-	-	30,000	-
Aviation	Operations Maintenance Building Finish Out	5,000	-	-	-	-
Aviation	Ramp Grant Match Funds	50,000	50,000	50,000	50,000	50,000
Fire	Heavy Fleet Replacement 2 Engines	1,331,416	2,521,072	1,495,980	2,832,676	1,680,883
Parks and Recreation	Parking Lot Renovations	571,802	543,125	505,436	918,744	-
Parks and Recreation	Erosion Control	190,000	1,165,000	920,000	-	-

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Infrastructure

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Police Department	Physical Evidence Storage	53,000	3,000	3,000	3,000	3,000
Police Department	SWAT Building Expansion	50,000	200,000	-	-	-
Police Department	Training Center Renovation	50,000	-	-	-	-
Public Works & Transportation	Facility Services - Equity Adjustments, Reclassifications, and New Staff	200,427	200,427	400,854	465,126	465,126
Public Works & Transportation	Major Building Component Replacement	2,168,000	2,130,000	2,255,000	1,882,000	1,970,000
Public Works & Transportation	Opterra - Phase III	81,310	41,004	42,234	43,501	44,806
Public Works & Transportation	Opterra - Phase IV	-	34,500	-	-	-
Public Works & Transportation	SE Library Parking Lot	212,000	-	-	-	-
Public Works & Transportation	Arlington Landfill Gas Collection and Control System	1,400,000	-	1,500,000	-	1,500,000
Public Works & Transportation	Landfill Professional Services	50,000	-	-	-	-
Public Works & Transportation	e-Waste Recycling Hauling	15,000	15,000	15,000	15,000	15,000
Public Works & Transportation	Reclassification of Sr. Mgmt. Analyst	12,078	12,078	12,078	12,078	12,078
Public Works & Transportation	Civil Engineer (Street Program)	-	99,155	99,155	99,155	99,155
Public Works & Transportation	Streetlight Supervisor Reclass	9,269	9,269	9,269	9,269	9,269
Public Works & Transportation	Fleet Vehicle Lifts	150,000	-	-	-	-
Public Works & Transportation	Out of Life Fleet Replacements	1,411,325	1,411,325	1,411,325	1,411,325	1,411,325
Public Works & Transportation	Fleet Shop - Main St. - Parking Lot Improvements	50,000	-	-	-	-
Public Works & Transportation	Underground Fuel Storage Tank Removal & Replacement	137,500	218,500	-	-	-
Total		\$ 8,275,127	\$ 8,701,455	\$ 8,749,331	\$ 7,801,874	\$ 7,290,642

Comprehensive Financial Forecast

FY 2018 - FY 2022

Current Services Priority: Public Safety

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	Mosquito Borne Virus Mitigation	114,215	114,215	114,215	114,215	114,215
City Attorney's Office	Law Library Maintenance	(3,614)	(508)	2,890	6,617	10,692
Fire	Professional Development for Fire Officers	61,600	61,600	61,600	61,600	61,600
Fire Dispatch	Radio Tower Lease	31,261	38,123	45,295	52,792	60,629
Library	Guard Service for Downtown Library	22,702	45,404	45,404	45,404	45,404
Police Department	Forensic Lab Testing ATB	160,409	270,489	270,489	270,489	270,489
Police Department	Geographic Detectives	-	457,971	404,735	404,735	404,735
Police Department	STEP Cash Match	75,000	187,500	75,000	187,500	75,000
Police Department	Covert Operations Vehicle Lease Program	17,409	17,409	17,409	17,409	17,409
Police Department	Ammunition Budget ATB	112,751	112,751	112,751	112,751	112,751
Police Department	3M Cogent Maintenance Agreement ATB	7,300	7,300	8,800	8,800	8,800
Police Department	Utility ATB	182,194	182,194	182,194	182,194	182,194
Total		\$ 781,227	\$ 1,494,447	\$ 1,340,781	\$ 1,464,506	\$ 1,363,918

New Programs Priority: Public Safety

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
CD&P	IAS Building Certification	28,800	-	-	16,800	-
CD&P	Inspections Scheduling (FY18 IT Project)	15,000	6,000	6,000	6,000	-
CD&P	Fire Third Party Plan Review Contract	25,000	25,000	-	-	-
City Attorney's Office	Senior Attorney - Litigation & Employment	108,600	105,100	105,100	105,100	105,100
City Attorney's Office	Paralegal - Litigation & Employment	60,900	57,400	57,400	57,400	57,400
Fire	Fourth Firefighter (F1) for Station #17 (3 FTEs)	271,557	265,185	276,701	288,779	301,478
Fire	Class 4 Aircraft Rescue and Firefighting (ARFF) Unit (3 FTE)	410,371	405,137	405,137	405,137	405,137
Fire	Light Response Team for Stations 1 & 9 (6 FTE)	543,115	530,371	553,402	577,557	602,955
Fire Dispatch	Position Reclassification	-	-	-	-	-
Human Resources	Civil Service Commission	75,000	25,000	25,000	25,000	25,000
Human Resources	HR Staff - Civil Service	108,320	93,320	93,320	93,320	93,320
Human Resources	HR Support Staff - Civil Service	60,000	50,000	50,000	50,000	50,000
Municipal Court	Security Enhancements	20,000	-	-	-	-
Municipal Court	Waiting Area and Number Calling System	-	-	10,000	-	-
Municipal Court	New Jury Room	-	-	50,000	-	-
Municipal Court	Court Administrative Manager	-	85,000	85,000	85,000	85,000

Comprehensive Financial Forecast

FY 2018 - FY 2022

New Programs Priority: Public Safety

Department	Request Title	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost
Municipal Court	Security Scanning Equipment	-	-	-	20,000	-
Police Department	Jail Staffing	264,780	264,780	264,780	264,780	264,780
Police Department	Victim Services Counselor Positions	282,196	482,088	482,088	482,088	482,088
Police Department	Training Staff - Defensive Tactics Coordinator	101,184	101,184	101,184	101,184	101,184
Police Department	Training Staff - Recruiter	103,184	103,184	103,184	103,184	103,184
Police Department	Crimes Against Children Unit Staffing	228,985	202,367	202,367	202,367	202,367
Police Department	Covert Operations Lease and Financial Support	103,000	103,000	103,000	103,000	103,000
Police Department	ATIU Staffing	343,478	647,029	607,102	607,102	607,102
Police Department	K-9 Staffing	162,454	101,184	101,184	101,184	101,184
Police Department	Organized Retail Crime Unit	908,205	522,452	522,452	522,452	522,452
Police Department	City Hall Security	28,514	28,514	28,514	28,514	28,514
Police Department	Internal Revenue Service Taskforce	101,184	101,184	101,184	101,184	101,184
Police Department	Asset Forfeiture	559,736	-	-	-	-
Public Works & Transportation	Building Security Access Control Systems Assessment	30,000	50,000	-	-	-
Public Works & Transportation	Arlington Landfill - Reclassification and New Staff	92,980	92,980	92,980	92,980	92,980
Public Works & Transportation	Transfer Fleet Coordinator to Fleet Fund	80,121	80,121	80,121	80,121	80,121
Total		\$ 5,116,664	\$ 4,527,580	\$ 4,507,200	\$ 4,520,233	\$ 4,515,530

Comprehensive Financial Forecast

FY 2018 - FY 2022

Other Funds

Departments were also tasked with developing revenue forecasts using the same three scenarios as previously discussed for the General Fund, as well as considering anticipated Current Services or New Program expenditure requests. It should be noted that every annual budget adopted by the City Council is statutorily required to be balanced, therefore any presentation of unbalanced projected numbers reflect work which must be done every year to get expenditures in line with revenues.

As a result of multiple capital construction projects over the term of the forecast, the Parks Performance Fund shows a negative ending balance in several years. Until the scope and timing of the projects becomes clearer, expenditure and revenues projections are speculative. However, all imbalances will be addressed as each year's budget is proposed and adopted.

The following pages are the forecasted operating positions for other operating funds.

Comprehensive Financial Forecast

FY 2018 - FY 2022



Water Utilities Fund

Comprehensive Financial Forecast Water Utilities Fund, FY 2018 - FY 2022

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BEGINNING BALANCE	\$ 798,910	\$ 192,590	\$ -	\$ -	\$ -	\$ -
WATER FUND REVENUES - Most Likely	\$ 138,845,773	\$ 156,420,881	\$ 166,972,371	\$ 172,298,851	\$ 178,806,396	\$ 187,523,615
INTERFUND TRANSFERS:						
General Fund - Indirect Cost	\$ (4,118,690)	\$ (4,118,690)	\$ (4,118,690)	\$ (4,118,690)	\$ (4,118,690)	\$ (4,118,690)
From Storm Water - Indirect Cost	170,122	170,122	170,122	170,122	170,122	170,122
To Debt Service, City Tower	(60,889)	(58,500)	(56,063)	(53,625)	(51,188)	-
Debt Service Reserve						
Operating Reserve	(1,525,649)	(1,525,649)	(1,525,649)	(1,525,649)	(1,525,649)	(1,525,649)
Innovation/Venture Capital Fund	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Rate Stabilization Fund	1,900,000	1,900,000	-	-	-	-
Renewal / Rehabilitation Fund	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Fleet Reserve	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL INTERFUND TRANSFERS	\$ (18,935,106)	\$ (18,932,717)	\$ (20,830,280)	\$ (20,827,842)	\$ (20,825,405)	\$ (20,774,217)
TOTAL AVAILABLE FUNDS	\$ 120,709,578	\$ 137,680,754	\$ 146,142,091	\$ 151,471,009	\$ 157,980,991	\$ 166,749,398
WATER FUND EXPENDITURES	\$ 120,516,988	\$ 119,250,705	\$ 119,061,944	\$ 119,061,944	\$ 119,061,944	\$ 119,061,944
ENDING BALANCE	\$ 192,590	\$ 18,430,049	\$ 27,080,147	\$ 32,409,065	\$ 38,919,047	\$ 47,687,454
Targeted Compensation Increases		853,891	1,766,701	2,190,959	2,627,945	3,078,041
Health Insurance Increases, cumulative		178,164	354,546	546,803	756,363	1,010,163
Total - Comp & Health Insurance		1,032,055	2,121,248	2,737,762	3,384,308	4,088,204
ENDING BALANCE	\$ 192,590	\$ 17,397,994	\$ 24,958,900	\$ 29,671,302	\$ 35,534,739	\$ 43,599,250
Current Services Increases						
Raw Water Purchases (Tarrant Regional Water District)		1,069,181	2,391,707	3,748,853	5,157,525	6,139,135
Wastewater Treatment (Trinity River Authority)		4,028,788	7,937,520	10,740,570	13,290,581	16,544,082
Payment in Lieu of Taxes (PILOT)		661,275	978,795	1,508,794	1,698,399	1,954,294
Franchise Fee		821,196	1,399,543	1,681,200	2,040,813	2,530,549
Interdepartmental Charges		19,065	38,321	57,769	77,412	97,251
Interfund Charges		39,056	78,598	118,628	159,148	200,159
Chemical Supplies		20,183	40,567	61,156	81,950	102,952
Maintenance		44,657	89,760	135,314	181,324	227,794
Supplies & Materials		4,889	9,828	14,815	19,853	24,941
Special Services		(530,821)	(518,521)	(506,097)	(493,549)	(480,876)
Utilities		2,330	4,684	7,062	9,463	11,888
Miscellaneous Operating Expenditures		5,531	11,117	16,759	22,457	28,212
Fleet Charges		8,825	17,737	26,739	35,831	45,014
Debt Services Reserve and Bond Payments		7,297,312	11,025,559	10,429,372	11,111,498	13,439,814
Renewal & Rehabilitation		500,000	1,000,000	1,500,000	2,000,000	2,500,000
Operating Reserve		2,706,528	(246,316)	(569,631)	(557,965)	(465,959)
Fixed Assets		700,000	700,000	700,000	700,000	700,000
Total - Current Services	\$	17,397,993	\$ 24,958,899	\$ 29,671,303	\$ 35,534,739	\$ 43,599,250
ENDING BALANCE with Current Services	\$	0	\$ 0	\$ (0)	\$ (0)	\$ (0)

Comprehensive Financial Forecast

FY 2018 - FY 2022

Comprehensive Financial Forecast Convention and Event Services Fund, FY 2018 - FY 2022



Convention and Event Services Fund

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BEGINNING BALANCE	\$ 2,445,705	\$ 805,634	\$ 805,634	\$ 805,634	\$ 805,634	\$ 805,634
CES FUND REVENUES - Most Likely	\$ 14,247,329	\$ 14,869,903	\$ 15,453,669	\$ 15,968,351	\$ 16,498,620	\$ 17,064,027
INTERFUND TRANSFERS:						
To Debt Service - Grand Hall	\$ (1,219,851)	\$ (1,156,399)	\$ (1,145,803)	\$ -	\$ -	\$ -
From General Gas Fund for ATF Corpus	2,681,652	2,763,011	2,846,838	2,933,209	3,022,200	3,113,892
To ATF, Corpus reimbursement	(2,681,652)	(2,763,011)	(2,846,838)	(2,933,209)	(3,022,200)	(3,113,892)
To ATF, granting and interest	(1,470,019)	(1,388,660)	(1,304,833)	(1,218,462)	1,129,471	1,037,780
To Dispatch, Radio System Lease	(928,301)	(928,301)	(928,301)	(928,301)	(928,301)	(928,301)
To Innovation/Venture Capital Fund (To) From Hotel Attraction Support	(1,171,925)	(703,125)	(599,063)	(514,688)	(463,219)	(416,897)
To General Fund - Indirect Costs	125,000	-	-	-	-	-
	<u>(709,038)</u>	<u>(757,962)</u>	<u>(757,962)</u>	<u>(757,962)</u>	<u>(757,962)</u>	<u>(757,962)</u>
TOTAL INTERFUND TRANSFERS	\$ (5,374,134)	\$ (4,934,447)	\$ (4,735,961)	\$ (3,419,412)	\$ (1,020,010)	\$ (1,065,379)
TOTAL AVAILABLE FUNDS	\$ 11,318,900	\$ 10,741,090	\$ 11,523,342	\$ 13,354,573	\$ 16,284,244	\$ 16,804,281
CES FUND EXPENDITURES	<u>\$ 10,513,266</u>	<u>\$ 8,923,611</u>	<u>\$ 8,905,446</u>	<u>\$ 8,905,446</u>	<u>\$ 8,905,446</u>	<u>\$ 8,905,446</u>
ENDING BALANCE	\$ 805,634	\$ 1,817,479	\$ 2,617,896	\$ 4,449,127	\$ 7,378,798	\$ 7,898,835
Targeted Compensation Increases		126,186	261,079	323,775	388,351	454,865
Health insurance increases, cumulative		<u>27,342</u>	<u>54,411</u>	<u>83,915</u>	<u>116,076</u>	<u>155,025</u>
Total - Comp & Health Insurance		153,528	315,489	407,690	504,427	609,891
ENDING BALANCE		\$ 1,663,951	\$ 2,302,407	\$ 4,041,437	\$ 6,874,371	\$ 7,288,945

Current Services

Arts & Revitalization	200,000	225,000	250,000	250,000	250,000	250,000
Delphi Software Support	11,963	12,561	13,189	13,849	14,541	15,268

Total - Current Services \$ 237,561 \$ 263,189 \$ 263,849 \$ 264,541 \$ 265,268

Continued on next page

Comprehensive Financial Forecast

FY 2018 - FY 2022

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
New Programs					
Chiller & Pump Replacement	\$750,000	\$0	\$0	\$0	\$0
Chair Replacement (Grand Hall)	\$403,200	\$0	\$0	\$0	\$0
Ovens - Main Kitchen	\$39,000	\$0	\$0	\$0	\$0
West Dock Compactor	\$28,000	\$0	\$0	\$0	\$0
High Extension Forklift	\$35,000	\$0	\$0	\$0	\$0
Parking Lot Improvements	\$30,600	\$0	\$0	\$0	\$0
Commercial Dishwasher	\$0	\$175,000	\$0	\$0	\$0
Carpet - All Areas	\$0	\$400,000	\$0	\$0	\$0
Kitchen Equipment	\$0	\$265,100	\$0	\$0	\$0
Chair Replacement (Meeting Rooms)	\$0	\$138,600	\$0	\$0	\$0
Meeting Rooms and Hallway Improvements	\$0	\$320,000	\$0	\$0	\$0
Painting Metal Skin (Original Building)	0	\$46,640	\$0	\$0	\$0
Design Consultant - New South Entrance and Lobby	\$0	\$100,000	\$0	\$0	\$0
Logo Signage - Building Exterior	\$0	\$25,000	\$0	\$0	\$0
HVAC - Mechanical Controls	\$0	\$0	\$250,000	\$0	\$0
Chair Replacement (Exhibit Hall)	\$0	\$0	\$630,000	\$0	\$0
Grand Hall Curtain	\$0	\$0	\$10,000	\$0	\$0
Refrigeration Merchandiser for Concession Stand	\$0	\$0	\$12,000	\$0	\$0
Elevator Replacement	\$0	\$0	\$100,000	\$0	\$0
Catering Bars	\$0	\$0	\$12,000	\$0	\$0
Cocktail Tables (30)	\$0	0	\$3,000	\$0	\$0
Dance Floor	\$0	0	\$30,000	\$0	\$0
Cardboard Baler	\$0	0	\$13,685	\$0	\$0
Concession Stand Remodel	\$0	\$0		\$500,000	\$0
Roof - Grand Hall Replacement	\$0	\$0	\$0	\$500,000	\$0
Stage Sections - All Areas	\$0	0	\$0	\$220,600	\$0
Dock Leveler	\$0	0	\$0	\$14,000	\$0
Event Tables - All Areas	\$0	0	\$0	\$57,600	\$0
Construction New South Entrance	\$0	\$0	\$0	\$0	\$5,000,000
Total - New Programs	\$ 1,285,800	\$ 1,470,340	\$ 1,060,685	\$ 1,292,200	\$ 5,000,000
ENDING BALANCE	\$ 140,590	\$ 568,878	\$ 2,716,903	\$ 5,317,630	\$ 2,023,677

Comprehensive Financial Forecast

FY 2018 - FY 2022



Park Performance Fund

Comprehensive Financial Forecast Park Performance Fund, FY 2018 - FY 2022

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BEGINNING BALANCE	\$ 272,418	\$ 59,967	\$ 59,967	\$ 59,967	\$ 59,967	\$ 59,967
PARK PERF. FUND REVENUES - Most Likely	\$ 9,465,972	\$ 10,061,005	\$ 10,657,920	\$ 13,377,344	\$ 13,591,526	\$ 14,883,639
INTERFUND TRANSFERS:						
Transfer from Parks ATF	\$ 1,181,109	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Parks Gas Fund	-	1,253,850	1,237,850	1,221,850	1,205,850	1,189,850
Transfer from General Fund	2,161,632	1,332,762	1,332,762	1,332,762	1,332,762	1,332,762
One-time Funding, BK Pool	185,000	-	-	-	-	-
Transfer to Debt Service for Ditto GC	(1,375,566)	(1,253,850)	(1,237,850)	(1,221,850)	(1,205,850)	(1,189,850)
From Golf Surcharge Fund	473,726	473,726	473,726	473,726	473,726	473,726
TOTAL INTERFUND TRANSFERS	\$ 2,625,901	\$ 1,806,488	\$ 1,806,488	\$ 1,806,488	\$ 1,806,488	\$ 1,806,488
TOTAL AVAILABLE FUNDS	\$ 12,364,291	\$ 11,927,460	\$ 12,524,375	\$ 15,243,799	\$ 15,457,981	\$ 16,750,094
PARK PERF. FUND EXPENDITURES	\$ 12,304,324	\$ 11,954,933	\$ 11,900,135	\$ 11,900,135	\$ 11,900,135	\$ 11,900,135
ENDING BALANCE	\$ 59,967	\$ (27,473)	\$ 624,240	\$ 3,343,664	\$ 3,557,846	\$ 4,849,959
Targeted Compensation Increases		266,233	550,837	683,116	819,363	959,698
Health insurance increases, cumulative		69,678	138,659	213,849	295,805	395,064
ENDING BALANCE		\$ (363,384)	\$ (65,256)	\$ 2,446,700	\$ 2,442,678	\$ 3,495,198
Current Services						
Ditto Golf Course		610,054	610,054	610,054	610,054	610,054
Landscape/Sr. Landscape Technician Reclassification		52,127	52,127	52,127	52,127	52,127
Total - Current:	\$	52,127	\$ 52,127	\$ 52,127	\$ 52,127	\$ 52,127
ENDING BALANCE with Current Services		\$ (415,511)	\$ (117,383)	\$ 2,394,573	\$ 2,390,551	\$ 3,443,071
New Programs						
Lake Arlington Golf Pro		45,546	45,546	45,546	45,546	45,546
Security Cameras		78,030	10,400	10,400	10,400	10,400
Customer Service Rep at Bob Duncan		43,529	43,529	43,529	43,529	43,529
Active Adult Facility Staffing and Supplies		-	-	-	-	1,709,800
East Arlington Recreation Center & Library		-	-	462,000	1,400,000	1,442,000
SE Recreation Center		-	-	-	1,800,000	1,854,000
Total - New Programs	\$	167,105	\$ 99,475	\$ 561,475	\$ 3,299,475	\$ 5,105,275
ENDING BALANCE with Current Services + New Programs	\$	(582,616)	\$ (216,858)	\$ 1,833,098	\$ (908,924)	\$ (1,662,204)
New Program Revenues						
East Arlington Recreation Center & Library		-	-	210,000	630,000	647,000
Active Adult Facility		-	-	-	-	1,091,876
Southeast Recreation Center		-	-	-	1,620,000	1,652,400
Total - New Program Revenues	\$	-	\$ -	\$ 210,000	\$ 2,250,000	\$ 3,391,276
ENDING BALANCE with Curr Services + New Prog + Revs	\$	(582,616)	\$ (216,858)	\$ 2,043,098	\$ 1,341,076	\$ 1,729,072

Comprehensive Financial Forecast

FY 2018 - FY 2022



Street Maintenance Fund

Comprehensive Financial Forecast Street Maintenance Fund, FY 2018 - FY 2022

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BEGINNING BALANCE	\$ 1,892,864	\$ 803,227	\$ 803,227	\$ 803,227	\$ 803,227	\$ 803,227
STREET MAINT. FUND REVENUES - Most Likely	\$ 15,166,601	\$ 15,700,432	\$ 16,181,979	\$ 16,587,984	\$ 16,972,832	\$ 17,351,446
INTERFUND TRANSFERS:						
From General Fund	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527
From General Fund for Traffic	<u>4,765,203</u>	<u>4,484,637</u>	<u>4,484,637</u>	<u>4,484,637</u>	<u>4,484,637</u>	<u>4,484,637</u>
TOTAL INTERFUND TRANSFERS	\$ 6,931,730	\$ 6,651,164	\$ 6,651,164	\$ 6,651,164	\$ 6,651,164	\$ 6,651,164
TOTAL AVAILABLE FUNDS	\$ 23,991,195	\$ 23,154,823	\$ 23,636,370	\$ 24,042,375	\$ 24,427,223	\$ 24,805,837
STREET MAINT. FUND EXPENDITURES	<u>\$ 23,187,968</u>	<u>\$ 20,207,402</u>	<u>\$ 20,113,880</u>	<u>\$ 20,113,880</u>	<u>\$ 20,113,880</u>	<u>\$ 20,113,880</u>
ENDING BALANCE	\$ 803,227	\$ 2,947,421	\$ 3,522,490	\$ 3,928,495	\$ 4,313,343	\$ 4,691,957
Targeted Compensation Increases		308,733	638,768	792,163	950,159	1,112,895
Health insurance increases, cumulative		<u>81,144</u>	<u>161,477</u>	<u>249,039</u>	<u>344,482</u>	<u>460,074</u>
Total - Comp & Health Insurance		\$ 389,877	\$ 800,244	\$ 1,041,202	\$ 1,294,641	\$ 1,572,970
ENDING BALANCE		\$ 2,557,544	\$ 2,722,246	\$ 2,887,294	\$ 3,018,702	\$ 3,118,987
Current Services						
Street Maintenance		2,000,000	2,150,000	2,300,000	2,450,000	2,550,000
Total - Current Services		\$ 2,000,000	\$ 2,150,000	\$ 2,300,000	\$ 2,450,000	\$ 2,550,000
ENDING BALANCE with Current Services		\$ 557,544	\$ 572,246	\$ 587,294	\$ 568,702	\$ 568,987

Comprehensive Financial Forecast

FY 2018 - FY 2022



Storm Water Utility Fund


Comprehensive Financial Forecast Storm Water Utility Fund, FY 2018 - FY 2022

	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BEGINNING BALANCE	\$ 345,764	\$ 353,299	\$ 353,299	\$ 353,299	\$ 353,299	\$ 353,299
STORM WATER FUND REVENUES - Most Likely	\$ 15,047,079	\$ 16,477,197	\$ 17,878,968	\$ 19,139,453	\$ 19,736,625	\$ 19,869,627
INTERFUND TRANSFERS:						
To General Fund - Indirect Costs	\$ (397,841)	\$ (425,292)	\$ (425,292)	\$ (425,292)	\$ (425,292)	\$ (425,292)
To General Fund for capital reimbursement	(463,055)	(463,055)	-	-	-	-
To General Fund for engineering reviews	(88,699)	(88,699)	(88,699)	(88,699)	(88,699)	(88,699)
Pay-Go Capital Projects	(7,850,000)	(7,775,000)	(7,520,000)	(7,700,000)	(8,320,000)	(8,340,000)
To Water and Sewer Fund	(170,122)	(170,122)	(170,122)	(170,122)	(170,122)	(170,122)
TOTAL INTERFUND TRANSFERS	\$ (8,969,717)	\$ (8,922,168)	\$ (8,204,113)	\$ (8,384,113)	\$ (9,004,113)	\$ (9,024,113)
TOTAL AVAILABLE FUNDS	\$ 6,423,126	\$ 7,908,328	\$ 10,028,154	\$ 11,108,639	\$ 11,085,811	\$ 11,198,813
STORM WATER FUND EXPENDITURES	\$ 6,069,827	\$ 6,069,827	\$ 6,069,827	\$ 6,069,827	\$ 6,069,827	\$ 6,069,827
ENDING BALANCE	\$ 353,299	\$ 1,838,501	\$ 3,958,327	\$ 5,038,812	\$ 5,015,984	\$ 5,128,986
Targeted Compensation Increases		135,478	280,304	347,617	416,949	488,361
Health insurance increases, cumulative		25,578	50,900	78,501	108,587	145,023
Total - Comp & Health Insurance		161,056	331,205	426,119	525,536	633,385
ENDING BALANCE		\$ 1,677,445	\$ 3,627,123	\$ 4,612,693	\$ 4,490,448	\$ 4,495,601
Current Services						
Bond Principal & Interest		888,000	2,783,525	3,758,300	3,677,375	3,583,650
Total - Current Services		\$ 888,000	\$ 2,783,525	\$ 3,758,300	\$ 3,677,375	\$ 3,583,650
New Programs						
Stormwater Fleet		385,000	275,000	300,000	207,000	300,000
Environmental Compliance Officer - Automotive Related		87,000	67,000	67,000	67,000	67,000
Environmental Compliance Officer - Stormwater Best		-	87,000	67,000	67,000	67,000
Stormwater Field Technicians (2)		-	90,104	90,104	90,104	90,104
Total - New Programs		\$ 472,000	\$ 519,104	\$ 524,104	\$ 431,104	\$ 524,104
ENDING BALANCE		\$ 317,445	\$ 324,494	\$ 330,289	\$ 381,969	\$ 387,847

Comprehensive Financial Forecast

FY 2018 - FY 2022

The Debt Service Fund is used to account for the resources needed for payment of principal and interest on the City's general long-term debt not being financed by proprietary funds. The fund's primary source of revenue is ad valorem taxes. The operating position shown below assumes the most likely case for all revenue assumptions.

<div style="display: flex; justify-content: space-between; align-items: center;"> <div> Comprehensive Financial Forecast Debt Service Fund, FY 2018 - FY 2022 </div>  <div> Debt Service Fund </div> </div>						
	FY 2017 Budget	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BEGINNING BALANCE	\$ 2,360,570	\$ 2,038,224	\$ 2,518,391	\$ 2,597,645	\$ 2,322,015	\$ 1,584,986
Ad Valorem Taxes	\$ 40,329,106	\$ 43,353,789	\$ 45,521,478	\$ 47,342,338	\$ 48,762,608	\$ 50,225,486
Premium on bond issuance	120,000	120,000	120,000	120,000	120,000	120,000
Interest	<u>117,602</u>	<u>246,964</u>	<u>370,446</u>	<u>407,491</u>	<u>448,240</u>	<u>493,064</u>
DEBT SERVICE FUND REVENUES - Most Likely	\$ 40,566,708	\$ 43,720,753	\$ 46,011,924	\$ 47,869,829	\$ 49,330,848	\$ 50,838,550
INTERFUND TRANSFERS:						
Park Performance Fund, EO and TV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention and Event Svcs. Fund	1,219,851	1,156,399	1,145,803	-	-	-
Park Performance Fund, for Ditto GC	1,375,566	1,253,850	1,237,850	1,221,850	1,205,850	1,189,850
Tax Increment Reinvestment Zone 5	1,795,954	2,203,303	2,384,803	2,384,847	2,387,705	2,377,465
Tax Increment Reinvestment Zone 4	1,756,877	887,939	861,552	835,164	808,777	782,389
Airport	175,000	175,000	175,000	175,000	175,000	175,000
Water and Sewer Fund - City Tower Debt	<u>60,889</u>	<u>58,500</u>	<u>56,063</u>	<u>53,625</u>	<u>51,188</u>	<u>-</u>
TOTAL INTERFUND TRANSFERS	\$ 6,384,137	\$ 5,734,991	\$ 5,861,071	\$ 4,670,487	\$ 4,628,520	\$ 4,524,704
TOTAL AVAILABLE FUNDS	\$ 49,311,415	\$ 51,493,968	\$ 54,391,386	\$ 55,137,961	\$ 56,281,382	\$ 56,948,240
EXPENDITURES:						
Principal and Interest	\$ 47,108,191	\$ 48,239,677	\$ 50,921,922	\$ 51,984,859	\$ 53,964,354	\$ 54,481,955
Issuance Fees	120,000	350,000	350,000	300,000	300,000	300,000
Interest Expense on FY 2017 Issuance	-	340,000	475,000	483,333	383,333	416,667
Agent Fees	<u>45,000</u>	<u>45,900</u>	<u>46,818</u>	<u>47,754</u>	<u>48,709</u>	<u>49,684</u>
TOTAL EXPENDITURES	\$ 47,273,191	\$ 48,975,577	\$ 51,793,740	\$ 52,815,946	\$ 54,696,396	\$ 55,248,306
ENDING BALANCE	\$ 2,038,224	\$ 2,518,391	\$ 2,597,645	\$ 2,322,015	\$ 1,584,986	\$ 1,699,934
Growth in revenues		\$ 3,154,045	\$ 2,291,171	\$ 1,857,905	\$ 1,461,019	\$ 1,507,702
Change in Interfund Transfers		(649,146)	126,079	(1,190,584)	(41,967)	(103,815)
Debt retirement		<u>1,131,486</u>	<u>2,682,245</u>	<u>1,062,937</u>	<u>1,979,495</u>	<u>517,600</u>
Available for debt service		\$ 3,636,386	\$ 5,099,495	\$ 1,730,258	\$ 3,398,547	\$ 1,921,487
Ending balanced used	\$ (322,346)	\$ 480,167	\$ 79,255	\$ (275,631)	\$ (737,029)	\$ 114,949
Debt Issued	\$ 62,400,000	\$ 58,000,000	\$ 55,000,000	\$ 52,000,000	\$ 80,000,000	\$ 50,000,000

Comprehensive Financial Forecast

FY 2018 - FY 2022

Future Capital Considerations

The City of Arlington successfully passed a bond project package on the ballot in November 2014. The 5-year bond program is approximately \$236M. Major requests approved on the ballot list include \$160M for streets and \$60M for parks which includes both a new southeast recreation center and rebuild of Hugh Smith rec center.

As a result of an improving economy, greater than anticipated increases in property values have increased debt capacity since the initial projections for the bond election and future years show potential for additional projects. Capital projects that were not on the bond election include: a redesign to Ditto Golf Course, and a senior rec center. Any of these projects may affect the debt capacity of the City.



Proposition 1
Street Improvements
\$160,130,000



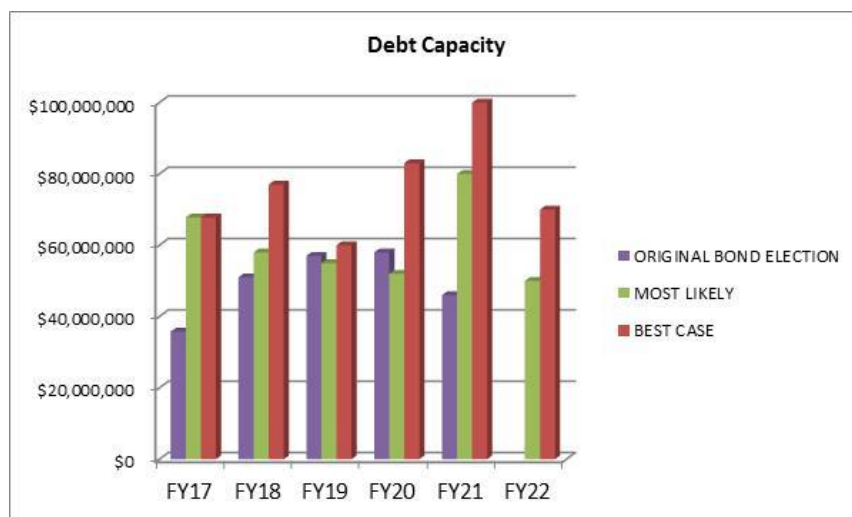
Proposition 2
Parks & Recreation
\$60,000,000



Proposition 3
Fire Facilities
\$9,780,000



Proposition 4
Libraries
\$6,090,000



Additionally, the City of Arlington can raise its sales tax rate by as much as a quarter-cent to support specific programs. The existing sales tax rate is set at 8 cents while the State of Texas allows municipalities to set rates as high as 8.25 cents. There are two types of sales tax programs available to the City to fund

capital projects. A type 4B sales tax may be added to the City's current sales tax rate in increments of either .125 or .25 cents to finance land, buildings, equipment, targeted infrastructure and improvements for a variety of capital projects. The City may also use a sports & community venue sales tax in increments of .125 or .25 cents to finance the construction of specific sports venues or parks and recreation capital projects. Using either one of these sales tax options would provide the City with \$7M to \$14M annually for capital projects depending on the option selected and the growth rate of current sales tax revenue.

Comprehensive Financial Forecast

FY 2018 - FY 2022

Assets

The City has capital assets currently valued at \$2.3B and some of these components will be addressed outside of the capital bond program. The citywide fleet inventory is currently operated with 13.9% of the vehicles beyond what is considered to be standard life cycle. The current fleet maintenance contract only covers vehicle repairs that are within life cycle. Repairs to vehicles beyond their life expectancy are outside of contract pricing and more expensive to repair. Funding is necessary to address the beyond life status for all fleet vehicles and prevent non-target repair expenditures. The requested additional funding of \$1.4M per year for five consecutive years would eliminate the increased costs associated with beyond life non-target maintenance.

Additionally, city-owned buildings require maintenance and many building systems and components have either reached or exceeded their service lives. The replacement of roofing systems is needed to protect interior furnishings from water and mold damage and prevent replacement expense for those furnishings. The replacement or enhancement of building interior elements, such as worn carpeting and wall surfaces, will provide a more suitable atmosphere for public users and visitors. Funding will be needed to address the backlog of component replacements; The City will issue \$2.8M in FY 2017 to bring City-owned buildings to current life cycle status.

Reserves and Available Funding

In accordance with the City's Financial Principles, several cash reserves are maintained in order to mitigate the impact of a significant economic downturn on our ability to maintain service levels to our citizens. These reserves are an important consideration by bond rating agencies in determining the City's overall credit-worthiness. The reserves include:

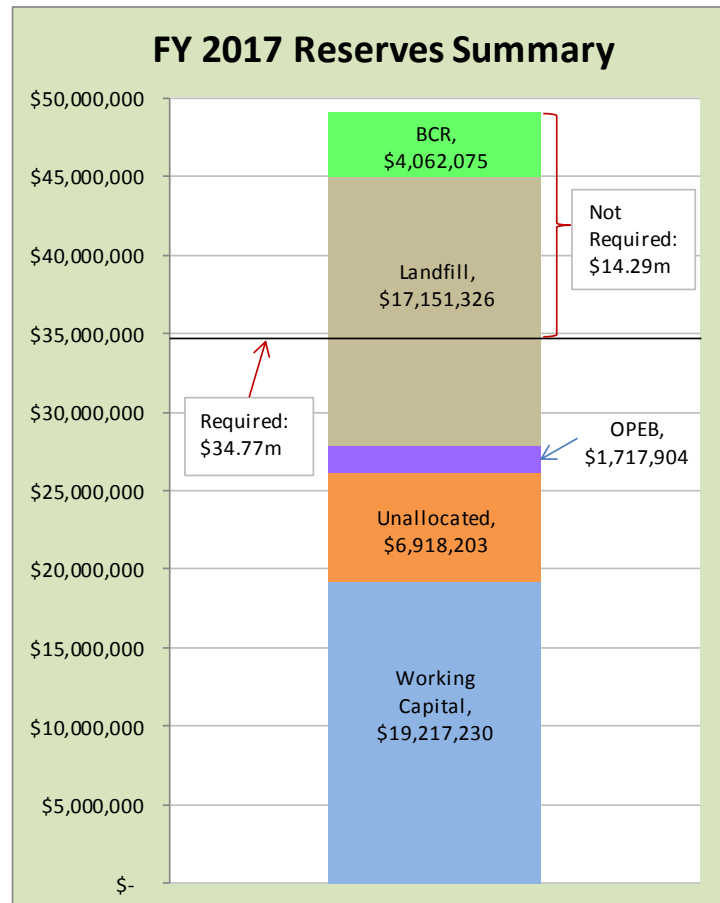
- Unallocated Reserve: \$6,918,203 in FY 2017. This reserve is maintained at 3% of recurring General Fund expenditures (net of one-time costs).
- Working Capital Reserve: \$19,217,230 in FY 2017. This reserve is maintained at one month's worth (8.33%) of recurring General Fund expenditures.
- Business Continuity Reserve: \$4,062,075 at the outset of FY 2017. This reserve was established during the financial challenges experienced by the City during the economic downturn of 2008-2010, and was initially created to support the Challenge Grant Program. It does not have a specified minimum funding level; however, the preferred level is 3% of General Fund expenditures, similar to the Unallocated Reserve. Use of the reserve is restricted to one-time expenditures or to cover costs necessitated by unforeseen circumstances.

Comprehensive Financial Forecast

FY 2018 - FY 2022

- Landfill Lease Reserve: \$17,151,326 in FY 2017. This payment was received from Republic Waste Services when the City leased the Landfill in 2005. A total of \$4.34 million was spent from this reserve in FY 2013 to purchase recycling bins.
- Other Post-Employment Benefits Reserve: \$1,717,904 in FY 2017. This reserve was established in 2004 to set aside resources for funding post-employment benefits other than pensions.

In the aggregate, the reserves described above total \$49,066,738 at the beginning of FY 2017. This amount is 21.2 percent of recurring General Fund expenditures budgeted for the year. Our Financial Principles stipulate that the City maintain reserves equal to 15 percent of General Fund expenditures. The amount necessary for this reserve level would be \$34,772,074. Therefore, the reserves outlined above currently have a total of \$14,294,664 in excess of the required amount, as shown in the accompanying chart, which would be available to support one-time expenditures should the City Council wish to do so.

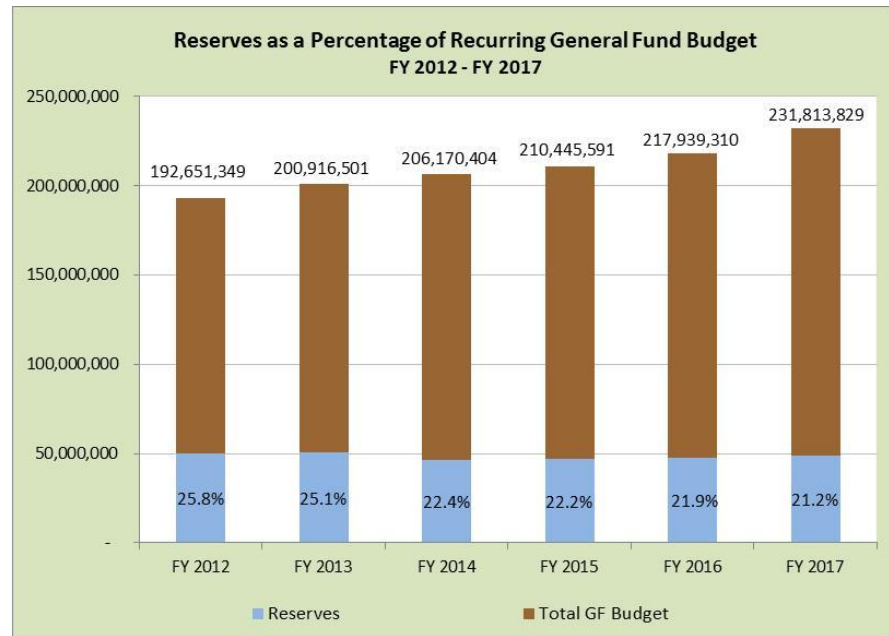


Comprehensive Financial Forecast

FY 2018 - FY 2022

It is important to note that the City continues to fund the Working Capital Reserve (one month, or 8.33%, of General Fund recurring expenditures) and the Unallocated Reserve (3% of General Fund recurring expenditures) at their respective specified levels each year. In the aggregate, these two reserves total 11.33% of General Fund expenditures. However, in recent years we have not addressed the additional reserves needed as part of the annual budget development process; funding for these two reserves has historically been available from year-end balances from the prior fiscal

year. As we continue to tighten our revenue and expenditure budgets, this process will gradually reduce the likelihood that sufficient year-end balances will be available to fully fund our reserve requirements at the 15% level specified in the City's Financial Principles. The effects of this approach are illustrated in accompanying chart.



In addition to the reserves outlined above, the City also has funding available in the natural gas funds. In mid-March 2017, there is \$2,058,479 available in the General Gas Fund and \$1,157,965 available in the Airport Gas Fund, which may be spent only on improvements at the City's airport. The Parks Gas Fund shows no available balance; all resources above the amounts reserved for other purposes are shown as set aside for Ditto Golf Course.

In December of 2015 Council approved a \$200M entertainment district development, of which the City is contributing \$50M in gas revenues from the ATF corpus. The intent is to refund the corpus over 15 years with gas funds. Beginning in FY 2016, natural gas revenues are proposed to be supplemented with \$2,500,000 in naming rights and rent from AT&T stadium. All funds and projects will flow through the Convention and Event Services Fund where uncommitted Convention Center revenues can also be applied to projects previously funded by general gas proceeds, such as the Public Safety Radio Lease and funding for the City's Economic Development Fund (Innovation/Venture Capital).

Comprehensive Financial Forecast

FY 2018 - FY 2022

The economic outlook, both short term and near future, for the energy industry is mixed. Industry experts believe that growth and recovery may have begun, but we could see continued low prices for the next few years. Some of the factors contributing to depressed natural gas pricing:

- Supply and demand are significantly imbalanced. We produce more natural gas than we consume, leaving both working and long term storage capacity at high levels.
- We are seeing a redistribution of mineral assets across the country which is impacting current production. Operators are either filing for bankruptcy, significantly reducing or eliminating their E&P budgets, or selling their assets to reduce debt.
- Foreign entities with subsidiary domestic companies and new start-up companies are being formed for the sole purpose of pursuing reserves to capitalize on improved market conditions in the future.
- While operators shifted their focus to produce from formations rich in natural gas liquids (NGL's) and oil in order to slow the production of natural gas and chase higher liquid prices, they unfortunately increased the production of natural gas. Since NGL's, i.e., propane, heptane, etc., as well as oil typically have "associated natural gas", operators exacerbated the surplus problem by adding more gas supply.
- Wells are more frequently being shut-in by operators to conserve proven reserves.